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**HON. GEO. P. GRAHAM, M.P.**

**Riddles the  
Lynch-Staunton-Gutelius Report**

(House of Commons, March 24th, 1914)

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**It was Prepared by Partizans for  
Party Purposes**

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**Concocted in Defiance of Law, of Facts,  
of Railway Practice and of  
Common Sense**

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**Evidence Rejected, Expert Reports  
Suppressed and the Statutes  
Misquoted**

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**A Libel on the Canadian People and an  
Outrage on Canadian Enterprises**

CP F5012

1914

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Hon. GEORGE P. GRAHAM (South Renfrew): Mr. Speaker, I have listened with a good deal of interest to the address of the acting Minister of Railways, and I am sure he will not accuse me of discourtesy if I decline to follow him in much of his speech. I regret, with him, the absence of the Minister of Railways (Hon. Mr. Cochrane) on account of ill-health. Had he been here, one thing is certain, a great many things that have been said by the acting minister would have remained unsaid. My hon. friend asked quite dramatically: Whom did the late Government appoint on this commission? He replied to his question: Why, a grain dealer, another merchant and a lawyer; and he felt satisfied that that answered the query very satisfactorily, to himself at least. Now, let me put another question: Who is over the present commission? A doctor from Prescott—and he admits that he is doing it well. The hon. minister tells us how well the member for Grenville, the acting Minister of Railways, is managing the Railway Department; how economically, if he is allowed to stay in the position, he is going to construct the Hudson Bay railway; how much wisdom as a specialist he has already brought to the department—and yet he never in his life turned a sod for a railway. That argument, Sir, is the argument of a demagogue, appealing to men perhaps outside of this House—because I cannot imagine a man in this House taking any stock in it—who may not give the matter the consideration that members of this House do. Who is at the head of the Government of Canada with all these experts under him? A lawyer, and not an engineer. Why, Sir, the assertion is too silly to be considered for a moment. Is there an engineer at the head of the Canadian Pacific railway to-day constructing so many thousands of miles? There is not. Is there an engineer at the head of the Grand Trunk railway? There is not. Is there an engineer at the head of the Canadian Northern railway? There is not. And how do they manage these great enterprises? They surround themselves with engineers of the best calibre they can get, and they take their advice from their engineers just as the Minister of Railways takes his advice from his engineer. What is needed at the head of a concern of that kind is a man of executive ability. He may come from the purchasing department of a railway, as one of the great presidents and managers has come, and make a wonderful success of it, if he knows how to handle men and has executive capacity.

I want to point out one thing to this House, and I want the Prime Minister to listen to this.

### **An Error of \$41,000,000.**

I charge that the acting Minister of Railways made a misstatement to the extent of \$41,000,000, as to the amount of capital on which the Grand Trunk Pacific would have to pay rental after the year 1923. That only shows the mad and reckless way in which this Government is prepared to handle the figures in order, first, to injure the late Government, and, secondly, to discredit the Grand Trunk Pacific. I have made the statement—and I challenge any member, from the Prime Minister down, to dispute it—that the acting



Minister of Railways has made a misstatement to this House to the extent of \$41,000,000 as to the capital on which the Grand Trunk Pacific will have to pay rental.

Mr. BORDEN: It is perfectly and abundantly plain that the country will have to pay interest on that.

Mr. GRAHAM: The Prime Minister agrees that my charge is true. The acting Minister of Railways, in stating what the Grand Trunk Pacific will have to pay annually, put the amount at \$6,000,000, and he concluded that, having to pay this \$6,000,000 on \$223,000,000, they could not operate the railway at a profit, because of the increased carrying charges. The Grand Trunk Pacific will not have to pay interest after the seven-year term on \$223,000,000, but, at the outside, on \$181,000,000. Will any member on the Government side challenge those figures?

My hon. friend made the statement that the Grand Trunk Pacific would have to pay rental at 3 per cent on a capitalization of \$223,000,000. I say that is not true, and every member of the Government knows it is not true. That is only a sample. I am surprised at my hon. friend saying he was glad this commission had been appointed. He has added \$41,000,000 in one mouthful; the commission added \$40,000,000; consequently the thing must be all wrong. There is just as much reason in the commission adding \$40,000,000 as in my hon. friend adding \$41,000,000, and not a bit more.

### Quebec Bridge a Separate Project.

For fear that the Grand Trunk Pacific project would not be hit sufficiently hard, my hon. friend dragged the Quebec bridge into the matter. He knows, as every other member of the Government knows, that the Quebec bridge project was entered upon before the Transcontinental was talked of. It forms no part of the Transcontinental except that the trains of that road will probably run over the bridge; as probably will the trains of the Canadian Pacific railway, of the Intercolonial railway, of the Canadian Northern railway, and other lines. He might just as well have added the cost of the armouries that are being built throughout the country.

Mr. BORDEN: If that be correct, why did Mr. Fielding take part of the cost of the bridge into consideration in 1904?

Mr. GRAHAM: I will tell my hon. friend why. It was because the Grand Trunk Pacific will get rights to run over the Quebec bridge on certain terms, and will pay a certain rental, which will be the interest on part of the cost of the bridge.

Mr. BORDEN: If that be true, has not the Quebec bridge something more to do with the matter than armouries?

Mr. GRAHAM: Not one iota more. This only shows the desire that seems to be in the minds of the Government to injure this great undertaking. I will deal with that later. How have they proceeded? In the first place, let me give a little outline of the project. As my hon. friend the acting Minister of Railways has said, the eastern division is being built by the Government; and, lest my hon. friend, or some of his friends, should run away with the idea



that I had not authority for saying what I did concerning his misstatement of \$41,000,000, I propose to read part of the Act :

The expression 'cost of construction,' in the case of the eastern division, shall mean and include all the cost of material, supplies, wages, services and transportation required for, or entering into, the construction of the said eastern division, and all expenditure for right of way and other lands required for the purposes of the railway and for terminal facilities, accommodation works and damages and compensation for injuries to lands and for accidents and casualties; cost of engineering, maintenance, repairs and replacement of works and material during construction, and superintendence, book-keeping, legal expenses, and, generally, costs and expenses occasioned by the construction of the said division, whether of the same kind as, or differing in kind from, the classes of expenditure specially mentioned, including interest upon the money expended; the interest upon such outlay in each year shall be capitalized at the end of such year, and interest charged thereon at three per cent per annum until the completion of the work and until the lessees enter into possession under the terms of the said lease.

Only to the beginning of the seven-year term, and not a day after; but my hon. friend counted the seven years, in defiance of the statutes. Let me read section 20 of chapter 71:

When completed the said eastern division shall be leased to, and operated by, the company for the period of fifty years, at a rental, payable as follows, namely:— For the first seven years of the said term the company shall operate the same, subject only to payment of 'working expenditure' as defined in paragraph fourteen of this agreement; for the next succeeding forty-three years the company shall pay annually to the Government, by way of rental, a sum equal to three per centum per annum upon the cost of construction of the said division, ascertained in the manner defined in paragraphs fifteen and sixteen of this agreement.

The balance of the section refers to the first three years. I think I have made it clear to my hon. friend that he has made a momentous blunder.

To the cost of construction is added the interest on the cost during the time of construction. My hon. friend has estimated that to complete the road will cost \$161,000,000. Add to that interest for the time during construction, which will, he estimates, bring the amount to \$181,000,000. That is the amount on which the Grand Trunk Pacific must pay a rental at 3 per cent after the expiration of the seven years.

### **People Approved Increased Cost.**

I think it is in my favour. This road has been largely constructed, and it has cost a lot more money than was first estimated. But let me point out that in 1908 practically every pessimistic figure that has been given to the House to-day was given to the people on the platform. In 1908, as Minister of Railways and Canals, I told the people what approximately this road would cost, and I did not adhere to the former estimate. It was discussed on every platform where I was, and the people of Canada, knowing what it would cost, said: Complete the road to the standard to which we told you to complete it in 1904. All [of this reading by my hon. friend of the campaign literature of 1908 was cured in 1908 by the votes of the people of Canada then knowing what the road would cost.

### **General Characteristics of Report.**

Now I come to the question which I wish to discuss, that is, the so-called report of the commissioners appointed by the Govern-



ment. That report is not a report in the proper sense of the term. It is a compilation of partisan views prepared by partisans for party purposes. It begins, as my hon. friend did with an attack on the late Liberal Government, and ends with a criticism of the Government, of Parliament, and of the people of Canada, and another attack on the Grand Trunk Pacific. That is the genesis and the revelation of this report. From one end to the other, I say, knowing the responsibility of my words, there is not one line that breathes an independent consideration or a judicial finding. It is a compilation of views, as I have said, to bring out and substantiate which, every means known to a lawyer have been used. It is for the most part regardless of the law, regardless of the facts, regardless of railway practice, and in many cases absolutely regardless of common business acumen.

### **Mr. Lynch-Staunton's Opinion in 1914 Coincides with Tory Campaigners of 1904.**

These gentlemen had their minds absolutely made up before they took that position. The acting Minister of Railways and Canals has given the case away. He says : In 1904 we told you so, and Mr. Lynch-Staunton says : In 1904 I told you so. The minister says : In 1908 we told you so, and Mr. Lynch-Staunton, who is one of the ablest stumpers for hon. gentlemen opposite might well say : In 1908 I told the people so. In 1908 he could have written, with a few minor changes, what he wrote in 1913. His mind was as fully made up then as the mind of the acting Minister of Railways and Canals is made up to-day. From a party point of view Mr. Lynch-Staunton's mind was absolutely made up before he was appointed a commissioner, and everybody knows that the evidence that he sought was for the purpose of substantiating the preconceived views he held on this matter.

The other commissioner was borrowed, as the acting Minister of Railways and Canals told us—only borrowed—a call loan—from one of the big railway companies of Canada. That company, very naturally, was not very enthusiastic over the construction of another line, and I say what I know that particularly did that company believe that this road should not be built to the high standard laid out for the Grand Trunk Pacific. I was in a position to know, and I do know. Coming from that centre, Mr. Gutelius was imbued with the idea that the entire project was wrong, and particularly was it wrong to build this road to the high standard at which it had been started and from the moment that the Minister of Railways and Canals began to take his advice, the standard of the Trans-continental began to be lowered. I say advisedly that these two gentlemen, or any other gentlemen who held such strong views would not be allowed to sit as petit jurors, and much less as judges, in the most minor case in any of our courts. To these gentlemen, with their minds already made up, one against the policy, the other against the project, this Government committed the power to do this country and its great industries, to say nothing of a great national undertaking, lasting and permanent injury.

## **The Two Underlying Motives, Injure the Liberal Party and Discredit the G. T. P.**

The two ideas running all through this report are, first, to injure the Liberal party, if possible, and second, to discredit the Grand Trunk Pacific Railway Company. The former Mr. Lynch-Staunton always remembered, the latter Mr. Gutelius never forgot. Mr. Lynch-Staunton has a right to be as strong a party man as he likes, but this Government has no right, knowing his past on this question, to ask the country to believe that he was an independent investigator. I doubt if in Canada you could find a stronger partisan than Mr. Lynch-Staunton. So strong was his partisanship and so lightly did he feel the responsibility of his position as a commissioner that in the midst of his work he lay down his pen and went into South Bruce a few months ago to stump for the Conservative candidate. And, coming back in the bitterness of defeat, he again took up his pen and completed this so-called independent report. Sir, this Government does not believe that report.

## **Government does not believe Report of Investigating Commission.**

I say the Government does not believe in this report, and the Government dare not act on its findings. I go further, and I tell the acting Minister of Railways that he is violating its findings every day. I go further still, and I tell the House that the Minister of Railways himself violated its findings at the very time that Mr. Lynch-Staunton was writing the report, and under his very nose.

## **Attack on Canadian Credit.**

I said that this report was designed for two things : in the first place, to injure the Liberal party, and, in the second place, to discredit the Grand Trunk Pacific. What does that mean? If I were only here to defend the Liberal party, I could answer that it needs no defence in this transaction, as I shall show. I would not take up the time of the House or waste my own time and energy if it were only to defend the Liberal party; but I want to call the attention of the Prime Minister, who after all is responsible for this, that he, in accepting this report and spreading a synopsis of it, as it is being spread by the hundreds of thousands of copies, throughout the country, is doing a lasting injury to, and perpetrating a libel upon, the people of Canada. It was bad enough to have the report attack the Liberal party, but that might be called politics, in the sense that some people refer to politics as a game; but when it goes to the length of attacking, without any reason whatever, a great national undertaking, a great transportation company that has to go to the financial markets of the world to get its money, then such conduct ceases to be an outrage and verges on the criminal. And at what time is this done? It is done when the Government of Canada is getting ready to ask this Parliament to aid one transcontinental railroad with millions of dollars, while at the same time it is sending out a report calculated to keep another transcontinental railway from financing its great project in the money markets of the world. When even the Minister of Finance of Canada finds it not any too



easy to get money in the old land, when many of our industries are almost trembling on the brink and finding it difficult to carry themselves over what is called the squeezetime; when railway earnings are dropping off; when the banks are saying: 'Hold on;' when the times are hard and all our great industries are having their difficulties, this report is sent throughout the world, when it must have the effect of injuring those who are having a hard time to struggle along with their enterprises.

### Staging the Report.

What is the first thing that happened when this commission got started? Just a few months had elapsed when despatches were sent throughout the country telling of what wonderful disclosures this commission were making. These items of news were given to the press, sent to the financiers of the old land, sent to the United States, saying that the Canadian people had expended large amounts of money in extravagantly building a transcontinental railroad. What thinks the Government of a commission that starts its work that way? A few months later, despatches a little stronger than before were again given out to the press, and again placed in the hands of the financiers of the old land, to whom the Grand Trunk Pacific at that time was appealing for money. Even that was not strong enough, and a little later these despatches were sent out again. There are only two bodies who knew what was in that report, or what was being put into it: One body was the commissioners, and the other was this Government, and they can take the credit or the blame, whichever they wish. This is what happened: Mr. Lynch-Staunton—

Mr. BORDEN: Does my hon. friend say that the Government knew the contents of the report before it was presented and signed?

Mr. GRAHAM: That is not what I have said.

Mr. BORDEN: Not what you said?

Mr. GRAHAM: No. I said there were only two bodies that could possibly know, but I am not charging the Government with knowing. I can understand a member of the Government having a chat with these men, and maybe finding out about it, but I am not charging the Government with that. I am pointing out that this report was partisan from start to finish, and I am showing how the commissioners went about their work. I will not bring the Government into it, if it does not thrust itself in. But, if it were wrong for the Government to do anything of that kind, it was tenfold more wrong for the commissioners, who were hired by the Government. I say, Sir, that these commissioners could have had that report ready months before they presented it, had they so desired. But that would not have answered the purpose of having the scare-headline articles sent out to the press, from one end of Canada to the other, and sent to Europe as well.

When that report was brought in, what happened? There was handed out, type-written, what purported to be a synopsis of this report, and it was given to the press. They would not let the members of the press gallery use their own judgment as to what the report



contained; but a typewritten copy, with the headings all in order, was given to the press, and I got a copy also. I make this charge now, on my responsibility as a member of the House, that in two cases at least there were wilful falsehoods in that document sent out to the press, intended to inflame the public mind and to prejudice it, in advance of what might be in the report itself, before the members of Parliament had time to read the report, and before its real significance could be presented to the public.

### **Suppressed Reports—Rejected Evidence.**

I said a few moments ago that this Government did not believe this report, and I will endeavour to substantiate that as I go along. I say, further, that these commissioners, when evidence was at their hand which did not agree with their preconceived ideas, declined to take that evidence. I say that with reports of their experts, or experts of the Transcontinental Commission, in their possession which did not agree with what they had in their minds, they ignored the reports of their own officers; and I will endeavour to substantiate that also before I get through.

### **Why was Hon. S. N. Parent, Ex-Chairman of N. T. R. Commission not given an opportunity of Proof-reading his Evidence as Promised?**

Now, there is another sidelight which I wish to throw on to their proceedings. But in passing let me say that Mr. Young, who was one of the first commissioners, appointed long before Mr. Parent, was not honoured by having his evidence taken, though he was in the office of the investigators and talked with them on several occasions. They never put him in the box, nor took his evidence, and I will show why. I was saying I would throw another little sidelight on the fairness of these commissioners. When Mr. Parent was asked to give his evidence, he notified them that, as he wished to be absolutely accurate, he intended to give his evidence in the French language, the one he understood thoroughly. He came to Ottawa and made the same request. But the commissioners said it would be inconvenient, but that if he would agree to give his evidence in English they would assure him that that evidence would be submitted to him for correction before it was used in this report.

Mr. Parent came and gave his evidence, and gave it in English, on the distinct understanding between them that before that evidence was put into the report it should be sent to him for revision.

Receiving no word, in a few days he wrote as follows:—

Montreal, 28th April, 1913.

Geo. Lynch-Staunton, Esq.,

Chairman Transcontinental Railway Investigating Commission,  
Ottawa, Ont.

Dear Sir:

It was agreed verbally between us that I was to be given an opportunity to go over my evidence before you will consider it closed and officially filed, in view of the fact that I gave it in English so as to expedite matters. Will you please arrange to have this done and to be present at the office when I shall call for that purpose.

Yours very truly,

S. N. Parent.

This is a copy of the reply:

Ottawa, April 29, 1913.

The Hon. S. N. Parent,  
The Quebec Streams Commission,  
Yorkshire Building, Montreal, P.Q.

Dear Sir:

Your letter of April 28.

I do not think Mr. Staunton will be able to come to Ottawa this week. As soon as he returns I will advise you so that you may go over the evidence with him. The evidence will not be officially filed until you have had an opportunity to do this.

Yours truly,

W. R. Devenish, Secretary.

And Mr. Parent, from that day to the day the report came out, never heard anything more about his evidence. There is no mistake about that; that was done deliberately; it could not have been done in any other way. Now, I put the case to hon. members of this House: Here was a man, Mr. Parent, who had occupied the position of Prime Minister of one of our greatest provinces, a man whose character stands high throughout this country, a man of great ability, a man equal to any hon. member in this House—what do you think of that kind of treatment of such a man by men who, for the time being, were the hired servants of the people of the Dominion of Canada? Would any hon. member have resented it in his own case? Much more harshly, I think, than Mr. Parent has done. But that is only a sample, of which I have the absolute record here, of the way this investigation was conducted from start to finish behind closed doors.

Now, sir, this report was handed out to the newspapers, as I said a few moments ago, and I think it deceived even some members of this House. For some of them went into their constituencies and talked about 'thieving,' and 'graft,' and 'prince of thieves,' and all that kind of thing, for which there is not one line of justification in the report itself. And the newspapers, taking their cue from this kind of material sent to them, published many rash statements, which I will not read to the House, the only effect of which could be ultimately to injure the Grand Trunk Pacific railway and discredit the Liberal party.

### **Investigation Deliberately and Wrongfully Restricted.**

Now, I wish to read another thing, and then ask my hon. friend if he thinks this commission even carried out the orders he gave them. I will read the report on which the Order-in-Council is based:

On a memorandum dated the 25th of January, 1912, from the Minister of Railways and Canals, representing that it is desirable that investigation be made in respect of the Transcontinental railway between Moncton and Winnipeg, now under construction under commissioners in accordance with the National Transcontinental Railway Act, 1903, chapter 71, and that such investigation should be of complete and comprehensive character, covering all matters bearing on the actual construction of the railway, the expenditure thereon, whether direct or indirect, the system adopted for such construction, and the management of the undertaking generally.

This, you will see, was on the 25th of January, 1912. And these men chopped off their investigation at the time the old Gov-

ernment resigned, and they have not given a word about what has been done under this Government, though they did not hand in their report until 1914. This Government has had charge of the Trans-continental railway for more than two years; yet this commission, appointed by Order-in-Council to 'fully investigate' everything in connection with that road, has not investigated one thing that the present Government has done. Do the Government take the ground that the commission were appointed to investigate only what the Liberals did? They must think so if they think this commission carried out its instructions, or else they must say that everything has been so perfect since they came into office that there is nothing to investigate.

I submit in all seriousness that this commission has violated its instructions from the Government of Canada, and has not brought in a report covering all matters bearing on the actual construction of the Grand Trunk Pacific up to the day when they handed in their report, as they should have done. They have absolutely ignored their instructions, and have brought in a report concerning only what was done under the previous Government. Does that look like a partisan commission, or not?

Was the railway being constructed when this report was handed in? If so, then these words apply to that construction. Does the Order-in-Council authorize an investigation up to October, 1911? It states specifically 'all matter bearing on the actual construction,' and my hon. friend need not take refuge behind the thought which he has in mind simply because this commission did not carry out the instructions of the Government given to it before he became a member of this House.

### **The Winnipeg Terminals.**

I now wish to take up the entrance of the railway into Winnipeg. My hon. friend the acting Minister of Railways will note that I am dealing with a great many of the matters which he brought up, but not in their order. The entrance of the road into Winnipeg is one of the things discussed and criticised by these commissioners, and they charge that in this connection over \$3,000,000 were wasted. The Railway Commission had in their office Mr. Young, who carried on the negotiations for the securing of the land along the entrance into Winnipeg, and they dared not put him on the witness stand and take his evidence under oath. Why? Because they knew that if Mr. Young gave evidence under oath and that evidence was put on record, it would not harmonize with what they wanted to be their finding in connection with the expenditure entailed in getting into the city of Winnipeg. The commission, Mr. Staunton particularly, in order to produce evidence of extravagance, had it in mind to report that no plan for expropriation of land along this entrance had been filed. Mr. Young said: I know that those plans were registered; I know you have the acknowledgment of that registration in your office. Mr. Staunton said he had looked everywhere, and could not find it. Mr. Young gave him two dates between which he would find evidence of that registration, and, a clerk having been sent to



look it up, there it was—the acknowledgment of the registration in the city of Winnipeg. I have this from Mr. Young himself, whom the commissioners dared not put on the witness stand. If it had not been for Mr. Young it would have been charged in this report that the plans had never been registered. This land, after the plans were filed, became the property of the Crown, and no immediate increase in value could take place. The commission charges that there was great delay in filing the plans, which were registered. Let us examine into the facts of the matter—they may be interesting.

### **An Entrance to Boast of.**

Two ways were suggested of getting into Winnipeg. The first was by following the line of the Canadian Northern along a somewhat tortuous course, crossing one of the main streets of the city of St. Boniface, and thus getting into Winnipeg. When Mr. Gordon Grant became chief engineer of the Transcontinental, he looked into that matter, and at once reported to the commission against going into Winnipeg by following the line of the Canadian Northern railway, and recommended that a straight line should be constructed through St. Boniface, across the river and into Winnipeg station. Mr. Young disagreed, preferring the other route, as he had a perfect right to do. The commissioners came to my office, accompanied by representatives of the Canadian Northern railway, of the Canadian Pacific railway, of the Grand Trunk Pacific railway, and their own engineer. It was the duty of the head of the Railway Department at that time to locate that entrance. I undertook the task. I heard everything everybody had to say. The Canadian Pacific railway ably put forth its claim, which was that the straight entrance would interfere with their shunting cars in or near St. Boniface. Mr. Beatty argued this strongly and ably, and Mr. Creelman came to see me once or twice. The Canadian Northern Railway Company argued that it would injure their yard property at St. Boniface if the straight railway entrance was made. I listened to them; I got all the information I could get; the arguments were put before me in writing too. I went over the situation thoroughly, and I said: The Transcontinental railway will not play second fiddle to any other road going into the gateway of the western country. Let not this commission or this Government blame the Transcontinental Commission; I am here not to defend, but to boast of the entrance into Winnipeg of the Transcontinental railway. When that was done, what occurred? As strong legitimate pressure, as could be brought to bear on any man, was brought to bear on me to reverse that decision, and members of the Government, particularly my hon. friend, if he stays for any time in the Railway Department, will understand what that means. I did not change my views, but I did this: I went to the city of Winnipeg to be sure that I had not made a mistake; I went out over the proposed line along the Canadian Northern line on foot. I walked the proposed route, afterwards taken for the straight entrance into the city of Winnipeg, and I came back to the city of Ottawa and told the Prime Minister of the day that I was unalterable in my view that that was the proper entrance for the Transcontinental, and I



would not change my decision. I want to repeat that I am as proud of that as of anything I ever did in my public life. When pressure was brought to bear on me to induce me to change my decision, I went further; and I am not telling tales out of school when I say that I went to the extent of telling my leader that he could have my resignation as Minister of Railways if a change were made. But every member of the Government stood by that decision, and there is not a man but knows it was the right decision. I have submitted it to leading engineers. I have asked them what they thought, and, in engineering language, they have said : You have secured into the city of Winnipeg what is known among engineers as a perfect entrance. And I say again, I am proud of having secured that entrance into the city of Winnipeg. Why should the Transcontinental railway, built by the people of Canada, have played second fiddle to some other railway in its entrance into Winnipeg?—Winnipeg, with its great future development, Winnipeg, the gateway to the West, with all its teeming bushels of grain, with all its traffic to and from, the East; why should the road with the best grades, with the best curves, the road of the highest standard, owned by the people of Canada, go in to that city by a side door, because some opposing line wanted it to do so? I say this advisedly, that everything said by Mr. Staunton in this report on this subject was said to me before I made the decision, and he is doing nothing more than re-echoing the brief of one of the opposing railway companies.

Mr. MEIGHEN : Which one?

Mr. GRAHAM : My hon. friend will have to hunt that out. I said one; there are only two; he can take his choice. Another statement of this Commission is that by going in that way and not going in on the level—I think I am not mistaking their idea—a great amount of money was wasted on the embankment in raising the road to a high level. Why do they say that? Because the Railway Commission said : You must build it, you must elevate the track, and not go over the streets on the level. Consequently a lot of money was wasted in elevating the tracks. Imagine in this twentieth century, when the Railway Commission is making the companies elevate their tracks all over the country, when this Parliament voted a certain amount of money to assist them in getting rid of level crossings, saying that the Government and the Commissioners should be condemned because they refused to make a railway highway of the streets of the city of St. Boniface ! Sir, I want to make it as strong as I can, and if I could think of any stronger language I would use it, that, if I did any good thing in my department, one of the best things, one of the things which I look back to with pride, is that I refused to be bull-dozed by other interests and stood by the interests of the people and of the people's railway in this matter of its entrance into the great city of Winnipeg.

### **Findings Wrong in Law, in Fact, and in Railway Practice.**

This commission said that the agreement which was subsequently made for running rights from Dundee junction could have been made before. It could, but at too great an expense: the sacrifice of the

Transcontinental railway. What was that arrangement made at Dundee? My hon. friend will remember that it was an arrangement by which the Canadian Northern let the Grand Trunk Pacific bring its grain and run its trains down there to get to the head of lake Superior pending the completion of their road. While that was all right as a temporary arrangement, it was wholly unfitted for a through line such as the Transcontinental, and if I had had to deal with this matter again, and again, and again, I would have taken the very same position and I am prepared to defend it anywhere in the Dominion of Canada.

I am not surprised at the acting Minister of Railways—being, like myself, a kind of a farmer lawyer—getting mixed up in statutes; but these commissioners, one of whom is a great lawyer, got tangled up in the statutes themselves, that is, if they did not do it wilfully. The commissioners charge that the Transcontinental Commission, contrary to the statute, built a double-track line in one or two or three places; and, in the canned material sent out by somebody to the press, the statute is referred to, chapter 71, Edward VII, and the report says that, contrary to the statute, this double track was constructed. Will the Solicitor General find me where it says single-track in that agreement?

Mr. MEIGHEN: Does the hon. member charge that I sent out that report?

Mr. GRAHAM: Not at all; but I want my hon. friend to know that his commission misrepresented the law. My hon. friend is too honourable to stand by that. He knows what the statute is, and he knows that there is not a line in it in saying that it was illegal to build the two tracks. The statute everywhere refers to a line of railway. So far as legal standing is concerned, it might be one, two, three, four, five or six tracks; it would depend altogether on the agreement. But when these gentlemen ask us to take their report as a complete report and deliberately misrepresent the statute, I say that we are not going beyond our rights when we demand that the Government disown such a report as not being truthful, to put it very mildly.

I observe, Sir, that there is not a dissenting voice to my statement that when these commissioners, in this report, said it was contrary to the statute to build a double track for three, four, five or six miles, they were deliberately stating what was not in the statute at all. But I go further. Suppose it were in the statute, then this commission would be just as far wrong, though not as deliberately wrong, and we would not have had the record to prove the misleading character of what they have put in their report. Everything necessary to the operation of a railway line is provided for under that statute, and if it be necessary to have a double track from their yards at any point to a station at any other convenient point, that comes under the statute, even if it had said a single-track railway. Men who are practical, and who are not looking for the thin edge of the wedge on some technicality to put into this argument, I want you to pay some attention for a moment if you will. Here are the

shops at Transcona, where the cars and engines are to be repaired. A train coming from the East to Winnipeg may have some crippled cars or a crippled engine. They may work their way into the station, but afterwards have to go back to the yard for repairs. Now, what sane man will argue, unless for party purposes, that it is not necessary to have a double track so that these cars can go to and fro between the station and the yard, when obviously, if there were only a single track the whole traffic would be stopped by these cripples moving thus. In regard to these double tracks, the commissioners' report is unfounded in law, unfounded in fact, unfounded in railway practice, and unfounded in common business sense.

### **Deliberate Misrepresentation regarding the Transcona Shops.**

We come now to the question of the Transcona shops, and this is where the Solicitor General was trying to guard his friends. This Government does not believe the report in regard to the Transcona shops. The acting Minister of Railways does not believe it; the Prime Minister does not believe it; the Minister of Justice does not believe it; the Postmaster General does not believe it. I need not go any further. I suppose their colleagues agree with them or they would resign. Not one of these gentlemen will get up and say he concurs in the report in regard to the Transcona shops. If that be the case, what becomes of the report? The parents spurn their offspring. They dare not say they concur in this finding about the Transcona shops, because they are violating it every day; and when Mr. Staunton was writing his report, against the views of everybody else, condemning the building of the shops in Winnipeg, this Government was signing a contract to build shops in Quebec. And those shops, by the irony of fate, are to be called the Leonard shops. If the Government believed the report penned by Gutelius and Staunton about the Transcona shops, they would have to stop the construction of the Quebec shops immediately, because Mr. Staunton says they have no right in law to build them. This Government knows that the report about the Transcona shops is simply buncombe; and I am not surprised, because otherwise it would interfere with what they are doing at the present time in regard to the Quebec shops. The Minister of Justice dare not concur in this report about the Transcona shops, for reasons which will be made evident in a few moments.

In November, 1911, Mr. Leonard himself, the chairman of the Transcontinental Commission, took exception to the building of the shops at Winnipeg. I want to read what he says, as it shows that he took exception to other shops as well. I want to make it absolutely clear that this commission wilfully evaded giving an opinion on shops other than the Transcona shops. Messrs. Staunton and Gutelius threw out everything but the Transcona shops, for the obvious reason that they did not want to tread on the corns of their friends in the Government. Mr. Leonard writes to the Minister of Railways and Canals on the 1st December, 1911, as follows :

The cost of construction and equipment of repair shops for locomotives and rolling stock generally for the National Transcontinental railway is estimated to amount to \$6,598,065 exclusive of the cost of land; none of which was included in the first estimates of the cost of construction.



You will notice that he takes all the shops along the line. To make sure that there would be no mistake about his remarks applying to other shops as well—and I wish particularly to call the attention of the Solicitor General to this—he made his position clear:

The shops and machinery at Quebec are estimated to cost \$2,290,000. Nothing has been done to this date beyond preparing plans and site.

The machinery at various division points for local repairs is estimated at \$498,500, making a total expenditure on the whole line for shops and equipment of \$6,598,065.37.

Mr. MEIGHEN: What page of the report is that?

Mr. GRAHAM: I am reading from the return. Perhaps these letters are not in the report. I can quite understand why they should not be. Major Leonard goes on :

I cannot find any definite authority for the above expenditure, and certainly the Act does not contemplate the expenditure of a large portion of this money, at Winnipeg, to accommodate lines west of that point.

Before proceeding with any further expenditure on these items I require to have definite instructions—

That includes Quebec.

—from the Government as to their intention in framing the contract, and as to what items of machinery, if any, shall be supplied by the commission for the lines east of Winnipeg and for the lines west of that point.

The importance of this decision is emphasized by Mr. E. J. Chamberlain's statement in a conversation with me in Winnipeg on 22nd November, as follows: 'It may as well be clearly understood now that the agreement with the Government that this road (the eastern division) would be built to our satisfaction, and before we take it over, if ever we do, it will be completed pretty nearly as we want it.'

That was a notice to the Government.

It will be completed pretty nearly as we want it.

This is the correspondence on which was based Mr. Staunton's discussion of the Transcona shops. Mr. Leonard makes it absolutely clear that what he wants to find out, is whether the commission has the right to build shops at Winnipeg, Quebec, or anywhere else; but this commission in its report wilfully confines itself to the shops at Transcona and never even hints about the shops at Quebec. If politics did not enter into this, there is not a man on the other side of the House who would not say that this is too partisan to be countenanced for one minute. It is so evident I need not go any further. I think the evidence I have submitted to the House and to the country and to the financiers of the world—who I am anxious shall understand the situation—is positive proof of the absolute partisanship and biased ideas of this commission. When this matter came up, the first thing Major Leonard naturally did was to apply to the head of his law department to ascertain if there was anything in his notion. I am not condemning him for seeking this information. I do not blame Major Leonard for seeking this information. I do not want to be misunderstood; Major Leonard was doing his duty in getting this information and finding out exactly where he stood because the letters themselves will show that great pressure was going to be brought to bear by somebody to get a decision in favour of Mr. Lynch-Staunton's idea that these things should not be done by the Government or by the commission. Major Leonard rightly saks



the advice of the head of his law department, Mr. Atkinson. Mr. Atkinson's advice covers several pages and I trust the House will not think I am omitting anything of moment in reference to his argument if I read his conclusions. The preceding pages set forth the argument upon which he reaches this conclusion :

Taking all these several provisions of the agreement, the Act and the Railway Act together, the Government undertakes to construct a complete railway with all the necessary equipment (except rolling stock) sufficient for its successful and efficient operation by the company under the lease.

This cannot be done without equipping the road with such necessary shops and machinery in order to properly take care of and repair the rolling stock.

In the case of a great work like this railway, under construction by the Government, the terms of the agreement and the statute, I think should be interpreted in a broad spirit, and bearing in mind the objects sought to be accomplished.

It, therefore, is my opinion that the commissioners have the necessary statutory authority to provide and equip the shops on the line with such machinery and apparatus as are reasonably necessary for the upkeep of the said division.

There was another letter by Mr. Leonard in connection with that question, and on January 29 the Deputy Minister of Justice gave an opinion. I am not finding fault with that at all because Major Leonard wanted to get the best authority available, but it must be noticed that between these dates, November, December and January, Mr. Lynch-Staunton became a member of the commission. This appeal was made to the Minister of Justice and the Deputy Minister of Justice, as is the custom, took up the case. Mr. Newcombe's written opinion is rather long, but I think it might be well, if the House will permit me, to read two paragraphs which bear directly on this question. The argument of Mr. Newcombe as to the construction of the statute is lengthy, but his conclusion on this subject is to be found on page 56 of this return. In one paragraph he says:

If the construction shops is not construction of the railway within the meaning of clause 5 of the agreement, neither is it within clause 6. But if this is not construction it cannot be either maintenance or operation and it does not fall within any of the expenses detailed as working expenditure, yet as I have said before, I apprehend it is not possible for even one division and still less the whole railway to be complete without repair shops.

Then, Mr. Newcombe continues:

Mr. Leonard, concluding in his letter, says: 'I require to have definite instructions from the Government as to what items of machinery, if any, shall be supplied by the commission for the lines east of Winnipeg and for the lines west of that point.' It follows from what I have said before that so far as the lines east of Winnipeg are concerned I think such machinery must be supplied as is necessary to make the railway ready for operation. I am disposed to think, moreover, that the construction and completion of the eastern division for which the Government is responsible would not involve expenditures for machinery, works or services not included in 'cost of construction' as defined by clause 15 of the agreement.

There can, I think, be no doubt that no machinery should be supplied for the lines west of Winnipeg.

I have dealt with this matter at length not only because of its importance and the large sums of money involved, but also because Mr. Leonard has set forth his views very fully and seems to have arrived at conclusions with which I am not able to entirely agree.

### **Mr. Lynch-Staunton refuted by Justice Department.**

We have Mr. Atkinson and Mr. Newcombe agreeing that the eastern division, the shops at Transcona, and their equipment, were a part of the construction and should be built by the commission and by the Dominion of Canada.

Mr. Lynch-Staunton had at this date taken charge as investigator. He placed on record very strong views against the contention of the Deputy Minister of Justice and against the contention of Mr. Atkinson, head of the law department. He stated at some length in the correspondence, which I will not read, that in his opinion the Transcontinental Commission was not empowered under the statute to build any of those shops, and he held that view very tenaciously. The Justice Department and Mr. Atkinson, however, being against him, the commission decided, undoubtedly on his advice, that the law as interpreted by the Justice Department and by Mr. Atkinson being against Mr. Staunton's contention, an application for arbitration would be made with a view to directing an inquiry both as to the law and as to the railway practice. The commission did not appoint the arbitrator in this case. The Minister of Railways himself took a hand in the matter at this point; he selected as arbitrator, with the consent of Mr. Chamberlin, of the Grand Trunk Pacific Railway Company, Sir William Whyte of Winnipeg.

In passing, I may say that there is not a man in this House who would not prefer the opinion of Sir William Whyte to that of the majority of railway men in Canada so far as this question is concerned. A man of large experience, of unimpeachable integrity, of great ability and marked success, no person could raise any question as to his ability to decide the matters that might be put before him, in regard to railway practice at least. It was agreed that this question among others should be referred to Sir William Whyte:

Are the shops at Transcona and repair shops at divisional points or any of them to be regarded as a portion of the eastern division, within the intent and meaning of the agreements of July 29, 1903, and of February 18, 1904, and Acts confirming the same?

There could be no mistake as to what the Minister of Railways and Mr. Chamberlin wanted to find out. They asked Sir William Whyte to tell them whether the shops at Transcona—and other divisional points, mark you, including Quebec—should have been constructed by the Transcontinental Commission for the Government, or by the Grand Trunk Pacific Railway Company. I want to point out what I consider to be a very strong confirmation of what I said in the beginning of my remarks, namely that Mr. Staunton never seemed to realize the grave responsibility placed upon him as commissioner. Every person who did not agree with his views was considered as representing some opposite party. He did not take the ground that he was to find out absolutely everything in connection with this matter, to give credit where credit was due and criticism where criticism should be given, but he acted solely as solicitor for one side of the case.



## Sir William Whyte against findings of Report.

What happened in this case? This question was referred to Sir William Whyte. Mr. Lynch-Staunton did not act as if he were a commissioner appointed to get at the truth and to treat every person fairly, both sides alike; but he actually in this case came out and did what he apparently considered he had to do all through, he became counsel for the Transcontinental Commission. Legal gentlemen look at me from the other side of the House and may want some proof; they are entitled to it. I shall give them the proof from a return given to me by the Government. I find on page 82 of this return the argument of Mr. Lynch-Staunton, which he submitted in writing to Sir William Whyte. He signs himself '*Counsel for the commission.*' Would my hon. friend think, would any person for one moment believe that a gentleman occupying a responsible position equivalent to that of a judge, would step down from the Bench and become counsel for one side of a case that was being tried before him. This is not out of harmony with Mr. Lynch-Staunton's whole conduct in this matter. I am pointing this out to the House and to the country so that they may know from what angle Mr. Lynch-Staunton viewed his responsibility. That was that he was not acting as a commissioner to independently investigate the case, but considered himself from start to finish as counsel for somebody against somebody else. The arguments were placed before Sir William Whyte. The Deputy Minister of Justice, the Department of Justice and the head of the law department of the Transcontinental had all said that Mr. Lynch-Staunton's law was all wrong. Now, as to Sir William Whyte. Mr. Lynch-Staunton, counsel for the Transcontinental Commission—not his own investigating commission, of course—placed his argument before Sir William Whyte. The Grand Trunk Pacific placed their argument before Sir William Whyte. Let me refer for a moment to some of the arguments. I shall quote the opinion of one gentleman—it is true, engaged by the Grand Trunk Pacific, but there is not a man from Charlottetown to Dawson City but will take the opinion of this gentleman to be at least as valuable as that of Mr. Lynch-Staunton. I refer to Sir Allen Aylesworth. Sir Allen Aylesworth, as counsel for the Grand Trunk Pacific, it is true, gave an opinion in a letter to Mr. Biggar, which was placed before Sir William Whyte :

Toronto, August 9, 1912.

W. H. Biggar, Esq., K.C.,  
General Counsel, Grand Trunk Pacific Railway Company,  
Montreal, Quebec.

Dear Biggar,—I have examined the various contracts and letters you sent me on 25th of July.

With regard to the shops, I concur fully in the views expressed in your letter of 12th of March last and 18th of June last and have really nothing to add.

I feel some doubt whether such shops would form part of the terminal 'facilities mentioned,' in the definition 'of cost of construction,' in clause 15 of the 1903 agreement. I would suppose such shops might be located wherever along the line would be most convenient, and not necessarily at any terminus. But if they are 'terminal facilities,' Mr. Leonard is plainly wrong in proposing in his letter of 17th June that the company pay 5 per cent on the cost of the land on which they are situate, as 'cost of construction,' by the express words of clause

15, means and includes, inter alia, all expenditure for lands required for terminal facilities and the company is to pay only three per cent on 'cost of construction'.

But I am strong in the opinion that such shops are part of the railway, intended to be part of the property reverting to the Government at the expiration of the fifty years lease and requisite for the operation of the road then by the Government in case no further lease is then entered into.

I understand that the Transcona shops are not within the limits of the city of Winnipeg but east of the eastern boundary of the city. The agreement of 1903, of course, defines the eastern division, (clause 2), as the portion of the railway to be constructed through Manitoba 'to the city of Winnipeg,' (3 Edward VII, chapter 71) at the end of the preamble and section 8 uses the same words, extending from Moncton to 'the city of Winnipeg.' The line of the city boundary is, I take it, the end of the eastern division of the railway.

I might add a reference to clause 46 of the 1903 agreement binding the Government to grant the company such Dominion lands on the western division as may be required for all 'workshops' required for the construction and working thereof. The necessity for such shops as part of the railway was present to the minds of the parties.

Then see what Parliament did as to the eastern division, by section 14 of 3 Edward VII, chapter 71. Public lands required for roadbed, sidings, yards, station 'and other purposes for use in connection therewith'—i.e. in connection with the eastern division—are to be dedicated 'for the purpose of the eastern division.'

And if the shops now in question were located on ungranted lands of the Crown was not title to the buildings intended to be in the Crown, just as title to their site would be?

I return herewith the various papers mentioned in yours of 25th July.

Yours faithfully,

(Sgd) A. B. Aylesworth.

As I said, Mr. Lynch-Staunton, as counsel for the commission, placed a strong argument before Sir William Whyte. In addition to the opinions of Sir Allen Aylesworth, Mr. Atkinson, and Mr. Newcombe, the Deputy Minister of Justice, Mr. Brown, of Montreal, gave an opinion to the Grand Trunk Pacific along the lines of those of the gentlemen I have mentioned. So there were: Mr. Biggar, general solicitor to the company; Mr. Newcombe, the deputy minister; Mr. Atkinson, head of the Transcontinental law department; Sir Allen Aylesworth, and Mr. Brown. As against their opinion there was the opinion of Mr. Lynch-Staunton, and his opinion only. I wish to read what that award was. The whole case was placed before Sir William Whyte, and I shall read his award in reference to this particular point. It is found on page 122 of this return. After hearing everything, after going over the road himself, a good deal of it with engineers, after investigating entirely, this is what Sir William Whyte, the arbitrator, says:

With respect to the shops at Transcona, considering their location and the circumstances under which they were produced and furnished, and the specifications; and interpreting the said agreements and Acts in the light of modern railway practice, and considering the contemplated use of the said eastern division by other railways, I award, order and determine that the said shops are to be regarded as and are a portion of the said eastern division within the intent and meaning of the said agreements of the 29th of July 1903 and the 18th of February 1904 and Acts confirming the same.

I further award, order and determine that all repair shops at divisional points are to be regarded as and are a portion of said eastern division within the intent and meaning of the said agreements of 29th July, 1903, and of the 18th February, 1904, and of the Acts confirming the same. I consider these are a material part of the railway and necessary convenience for its proper and efficient operation.



## A Scandal Manufactured Regardless of Facts or Law.

I will ask any member of this House, any business man who has had anything to do with the larger affairs of the country, or even with a company, if, with these facts before him—the law all against Mr. Staunton, together with the decisive award of Sir William Whyte, who had been asked to arbitrate by the Minister of Railways—he would not have said that the shops were properly constructed by the National Transcontinental Commission. Is there any—I was going to say, reason, but I will not insult the intelligence of the House by using that word—is there any imaginable excuse for not accepting that final award, of Sir William Whyte? What is the excuse? It would have robbed Mr. Staunton of charging the late Government with expending \$6,000,000 which, he contends, should not have been expended. The acting Minister of Railways spoke of this this afternoon. He prefers Mr. Lynch-Staunton's view on law to that of the gentleman I have named. He prefers the opinion of Mr. Gutelius, as to railway practice, to the decisive award of Sir William Whyte, one of the greatest railway men on this continent. And the people of this country are asked to believe this report. The minister himself does not believe it, and there is not a man in this House who will say that Staunton and Gutelius were right as against the opinions I have given. And yet this report is being circulated throughout the country to the detriment of the Grand Trunk Pacific, and with the hope of injuring the Liberal party.

Not satisfied with one answer, Mr. Staunton again asked the Justice Department on May 12, 1913, perhaps thinking that they did not know what they were talking about the time before. He does not seem to have had much confidence in the Department of Justice, and so he said: 'We will ask them again,' perhaps after Mr. Newcombe has read my view, he will think that he is really not a first-class lawyer after all, and will acquiesce in what I have said. But Mr. Newcombe does not acquiesce very often in that way. I want to make it clear that it was after Sir William Whyte's award that the Department of Justice was again approached to see if it would not relent from its former opinion, but Mr. Newcombe, the deputy minister, administered a very fitting and well-deserved rebuke, which did not, however, have any effect. The letter reads:

Sir,—Referring to your letter of the 12th instant, No. 510, enclosing copy of a letter dated the 15th February, 1912, addressed by Messrs. George Lynch-Staunton and F. P. Gutelius to Mr. Leonard, chairman of the Transcontinental Railway Commission, and requesting to be advised on the point raised by them, I have the honor to say that in a letter of the 5th March, 1912, to the Deputy Minister of Railways and Canals, I advised upon the question of the construction of shops for repair of rolling stock on the Transcontinental railway. I understand from you that Mr. Leonard has had a copy of this letter. I do not think I can add anything to the opinion I then gave which goes very fully into the whole question. Messrs. Lynch-Staunton and Gutelius say that the former commissioners apparently took a different view of the law to what they do and they add 'we have not as yet been furnished with the correspondence or opinions upon which they acted in committing the country to this great expenditure and it may be that when that information is before us we may modify our views, but from all the data before us at present we cannot find any justification for this expenditure.'

This letter was written, of course, before I advised in March of last year and I

do not think Messrs. Lynch-Staunton's and Gutelius' letter was ever before me. These gentlemen, however, do not give any reasons for the opinion at which they have arrived and though great weight would have no doubt attached to their authority I do not see any reason for varying the conclusions at which I have already arrived, for the present the reasons stated in my opinion. I may briefly remind you that I thought that was impossible to suppose that a railway extending from Moncton, N.B., to the Pacific ocean could be said to be completed without provision of repair shops, and that if such shops were necessary for the operation of the railway, they had to be constructed by the Commissioners.

I may call attention to the recent award of Sir William Whyte which I think confirms the view I adopted. In that award he says: 'With respect to the shops at Transcona considering their location and the circumstances under which they were produced and furnished, and the specifications and interpreting the said agreements and Acts, in the light of modern railway practice, and considering the contemplated use of the said eastern division by other railways, I award, order and determine that the said shops are to be regarded as and are a portion of the said eastern division within the intent and meaning of the said agreement of the 29th of July, 1903, and the 18th of February, 1904, and Acts confirming the same. I further award, order and determine that all repair shops at divisional points are to be regarded as and are a portion of said eastern division within the intent and meaning of the said agreements of 29th July, 1903, and of the 18th of February, 1904, and of the Acts confirming the same. I consider these are a material part of the railway and necessary convenience for its proper and efficient operation.'

On page 5 of my opinion special reference is made to the proposed shops at Quebec and it is pointed out that it is for the commissioners to determine whether any and what shops are required at this as at all other points along the line.

I return Mr. Leonard's letter to the Minister of Railways and Canals, and the memorandum of Mr. MacPherson. I have the honour to be, Sir,

Your obedient servant,

(Sgd) E. L. Newcombe,

Deputy Minister of Justice.

Mr. Newcombe included the Quebec shops, as Mr. Leonard always did, but this non-partisan commission never mention them in their report—why? The Postmaster General knows the answer, and he is right in paying no attention to this part of this report, because it is contrary to law, fact, railway practice and good business. The Government do right in ignoring it, but they do wrong in spreading the report throughout the country as campaign literature when they know that it is wrong, when they do not believe it and dare not act upon it. I want to place another letter on record. It is dated June 26, 1913 :

The Commissioners of the Transcontinental Railway, Ottawa, Canada.

Dear Sirs:

As directed by you, on the 10th of May last, I submitted the copy of letter from Messrs. G. Lynch-Staunton, K.C., and F. P. Gutelius, C.E., of the 15th February, 1912, to you on the question of the construction of shops and equipment thereof on the eastern division of the National Transcontinental railway, and herewith is his opinion which confirms the opinion given by the undersigned to you on the 16th November, 1911, and further confirming the opinion of the Deputy Minister of Justice as expressed in his letter dated 5th of March, 1912, to the Deputy Minister of Railways and Canals. I understand the opinion is approved by the present Minister of Justice himself.

I am, yours very truly,

(Sgd) H. Atkinson, Law Clerk.

### **Exit—Six Millions of Alleged "Waste."**

What will the country think with the Government spreading a report like that broadcast? That takes \$6,000,000 at once out of these forty millions.



I admit that this report is not much to prove anything on, but I am taking the report. Now, the report says that the shops were too large. Mr. Lynch-Staunton's argument all the way through is that these shops were being built illegally. That is his argument as to the law. As a final kick he charged that, having been beaten on the law, they are too big anyway. In this connection I want to point out—and I am glad that my hon. friend has given me this opportunity—I might not have thought of it possibly—that this commission had a report before them which is an answer even to the charge that the shops are too large, but they suppressed that report and did not use it. Here is return No. 51 in reply to an Order of the House of Commons dated the 23rd of February, 1914, calling for a copy of the report of George S. Hodgins, New York, regarding the Transcona shops of the Transcontinental railway dated June 10, 1912. This was an expert on shops brought from New York city to give an opinion on the Transcona shops and I want to read some of the statements in his report because from beginning to end this commission have not said one favourable word about the Transcontinental railway or about the shops or anything else. They had this report in the office of the Transcontinental Railway Commission after June 10, 1912. Let me read just a little to satisfy my hon. friend as to the quality of these shops and a few other things. This is the report:—

Report by Mr. George S. Hodgins, Consulting Mechanical Engineer (late of New York), on the National Transcontinental Railway Transcona shops, under instructions from Mr. R. W. Leonard, Chairman of the National Transcontinental railway.

Ottawa, June 10, 1912.

#### Transcona Shops.

One of the most elementary comparisons of locomotive repair shops is the consideration of the floor area of the erecting and machine shops and the number of pits in the former. The Canadian Pacific railway shops at Winnipeg have practically 32 locomotive pits in a shop approximately 784 feet long by 162 feet wide. This gives a floor area of about 127,000 square feet. The National Transcontinental railway shops at Transcona have practically 24 pits in a shop 612 feet long by 170 feet wide. This gives a floor space of 104,000 square feet. The Canadian Pacific railway shops have, therefore, when the area of the pits is deducted, about 21,000 square feet more floor space than the Transcona shops.

A rough idea of the use made of the floor space may be obtained if the proportion of floor area to pits be considered. The floor space is where the machines and appliances are placed, and is where most of the repair work is done, and where material is placed while work is in progress. It also represents approximately the provision for future needs. The floor area per pit in the Canadian Pacific railway shops is about 3,800 square feet, while that of the National Transcontinental railway shops is 4,000 square feet, so that the difference is something over 200 square feet per pit in favour of Transcona.

While these figures do not pretend to be more than approximations, yet they indicate roughly the state of the case. As a general rule public works, or works of this character are hardly ever designed with much idea of future needs. As an example, the New York subway has increased its train service about 23 per cent in eight years, and this has entailed the extra expense of lengthening the stations with the road in operation. The Canadian Pacific railway shops at Winnipeg are about seven years old and they are now so crowded that the company is preparing to build auxiliary shops at Calgary, Alberta.

Even now, signs of crowding are visible at the Angus shops at Montreal. The Transcona shops may seem to be large for the present requirements, but provision has been made for the legitimate and anticipated growth of traffic on the road. If these shops do not require any great extension for some time to come;

they will be exceptions to the general rule, and the economy which will result from avoiding a forced expenditure at perhaps an inopportune time, will be largely due to the intelligent view of the future taken by the designers.

### Mr. Hodgins' Opinion Suppressed.

This is their own specialist, their own special engineer, who says that the Transcontinental shops are built for the future, and that the time to come will show the wisdom of the men who built them in contemplation of future needs. But this was not thought of by the commissioners. Oh no. This report was in the Transcontinental Railway Commission office from June 10, 1912, and the very question raised by this report of Messrs. Gutelius and Staunton is answered absolutely and definitely by their own expert. And still, they suppressed it. They preferred to have the opinion, the unsupported opinion, of Mr. Lynch-Staunton and Mr. Gutelius, to the opinion of their own paid engineer, who was a specialist in this kind of construction and equipment, and whom this country paid to give his opinion, which the commissioners dare not give to the country. I will go further, and I will be able to point out that these Transcona shops were constructed cheaply in comparison with others. At page 22, and following pages of this return, I find evidence to show that these shops were built more cheaply than the Canadian Pacific railway shops, and still this commission could not, in this non-partisan report, entertain the idea of giving the men who had the shops in charge credit for better work than was done even by the great Canadian Pacific railway, which is the best managed road perhaps in America. At page 22, I read from Mr. Hodgins' report :

The Transcona shop is equal to or perhaps a little smaller than the Canadian Pacific railway shop at Winnipeg, and much smaller than the Angus shops at Montreal, but the machine equipment is more modern and the arrangement of the machines is better. The Transcona equipment for the locomotive, boiler and tank shops cost approximately \$318,624.66. An estimate of the Canadian Pacific railway equipment, given verbally to me at Winnipeg, put their figure out about \$700,000. In order not to overstate the case, and as many Canadian Pacific railway machines have depreciated in value, say about thirty per cent, it might now be stated approximately at \$500,000.

If the Canadian Pacific railway shop be taken as the same size as the National Transcontinental railway shop, the cost of the newer shop, with its convenient lay out its fewer but more efficient machines, and its ample provision for future growth—

Mark that—

—has been equipped with an expenditure which is less by about \$180,000 than that required for the Canadian Pacific railway.

No wonder this non-partisan commission could not see this report. This was something to the credit of the commissioners appointed by the Liberal Government, whose work Messrs. Staunton and Gutelius seemed to think, their only duty was to criticise. I continue to read from Mr. Hodgins' report :

The figures covering the cost of equipment of the shops and machines are:	
Locomotive, boiler and tank shops.....	\$318,624.66
Forge shop.....	45,924.31
Carpenter and pattern shop.....	8,283.50
Frog and track shop.....	29,531.31
Total.....	\$402,318.78



Comparing these figures with the Canadian Pacific railway shops at Winnipeg, and deducting the frog and track shop figures, as that company has no such shop, we have: National Transcontinental railway \$372,787.47, against the lowest estimate of \$500,000 for their shop, which puts the National Transcontinental railway plant in practically the same position, for about \$127,000 less money.

A comparison of power houses at Angus and Transcona, shows National Transcontinental railway power house equipment cost \$197,632. The Angus power house, present value is \$322,929. If their equipment has depreciated by about twenty-five per cent, then the initial cost was probably about \$430,573. The whole of the National Transcontinental railway machinery equipment is \$402,318.78, and with power house added, it makes a total of \$599,950.78, for the equipment of the entire Transcona plant.

This is only about \$169,000 in excess of the probable original cost of the single power house item at the Angus shops.

Therefore we have it here, that this man, hired by the Transcontinental Commission to give them a report on the Transcona-shops, finds, first : that they were properly built, and that it was wisdom to build them the size they are; and, secondly, that they are built more cheaply than the Canadian Pacific railway shops. And still, in the face of that, this report of Messrs. Lynch-Staunton and Gutelius says that these shops are too big anyway. Law, fact, railway practice, commonsense, their own expert advice, trampled underfoot, in order that they might make a charge against the late Transcontinental Railway Commission and against the late Government.

I will read just a little more of the report of this expert, employed by the Transcontinental Railway Company, and this is his conclusion :

The Transcona plant in general may be considered as an example of a well-equipped shop, in which the arrangement of the machines has been carefully thought out and in which provision for the future has been made. The shop is capable of handling work according to modern methods, and its operations should give every satisfaction.

(Sgd) George S. Hodgins,  
Consulting Mechanical Engineer, National Transcontinental Railway.

Now, sir, why did not these men take cognizance of that report?

Why was this report not taken cognizance of by Messrs. Staunton and Gutelius? There is only one answer. It is because it did not conform to the previously-conceived views of these commissioners, and so they would not have it. I say they suppressed this report rather than do justice to the commissioners appointed by the Liberal Government. I wonder if they thought we would never find this report?

### **Mad and Foolish Partisanship.**

What is the truth about the Transcona shops; and I appeal to the business sense of the people of Canada, and to the financial sense of the men and the institutions to which the Grand Trunk Pacific had to apply for money to carry on its great enterprise? The Transcona shops are part of the equipment. Major Leonard said they were not. Advice was asked for as to the shops at Winnipeg, Quebec, and elsewhere. Mr. Lynch-Staunton takes off the guise or disguise of a commissioner, and admits that he is really a counsel. He puts up his opinion that there was no legal right in the commission to build these

shops, and that is his main contention for page after page. Opposed to that view are who? Mr. Biggar of the Grand Trunk Pacific; Mr. Brown, an eminent lawyer of the city of Montreal; Sir Allen Aylesworth, late Minister of Justice; Mr. Atkinson, head of the Law Department of the Transcontinental Commission; Mr. Newcombe, the Deputy Minister of Justice; and the Minister of Justice. On the legal question we have on one side Mr. Lynch-Staunton; on the other side we have all these I have named. Come, now; what man in this House would put his case in the hands of Mr. Lynch-Staunton against all these gentlemen? Is it any wonder that this Government does not believe this report? But I go further; in addition to the opinions of these gentlemen, who are the best authorities perhaps in Canada, we have the decisive award of Sir William Whyte of the Canadian Pacific railway, one of the biggest men in Canada, telling Mr. Lynch-Staunton and Mr. Gutelius that as a matter of railway practice they were altogether wrong. And then, with this report as to these shops in existence, what happened? In the face of the evidence, Mr. Lynch-Staunton ceases to be counsel, and again steps up into his place as commissioner, and says: I, George Lynch-Staunton, as commissioner, decide that all these men are wrong and that George Lynch-Staunton, counsel, is right. Is it any wonder that not a member of this Government dare rise in his place and stand beside Mr. Lynch-Staunton and Mr. Gutelius in this part of the report? And still they are spreading the report throughout Canada for party purposes. I say partyism has run mad in this country—

Some hon. MEMBERS: Oh, oh.

Mr. GRAHAM: And foolish, too, if you add the laugh—when for party purposes men will distribute a report which they dare not substantiate on the floor of this House; and the reason they dare not is that they are violating it every day; and rightly so. There is no foundation in law, fact, practice or common sense for that finding about the Transcona shops. When Mr. Lynch-Staunton was writing that report saying that these shops should not be built by the commission, and charging the old Government and the old commission with the wilful waste of \$4,500,000, this Government, right under his nose, let a contract for the Quebec shops that come within exactly the same category. They knew he was wrong; every man in Canada knows there is no foundation for that part of the report—not one iota.

### **The G. T. P. Superior Junction Branch.**

Now, there was just a small item of  $11\frac{1}{2}$  miles of road in the vicinity of Graham, which appears in some of the documents. I have not been able to find it for the last day or two—it may have been smuggled out, I cannot lay my hand on it at the moment. It is charged that the Government should have compelled the Grand Trunk Pacific to pay a certain amount for the construction of a portion of that  $11\frac{1}{2}$  miles of road in the vicinity of Graham. I do not have to read evidence to know all about this. Here was the situation—and I am appealing to business men and not to partisans: I want to find out from the business men of this House if they will agree with the statement contained in the report in this connection. A branch of the



Grand Trunk Pacific runs out from the head of lake Superior to join the Transcontinental at a certain point near Graham. When I came to look into the matter I found that this branch line of  $11\frac{1}{2}$  miles and the main line were running close together and parallel. I said: This is not business, for we all know that in Canada—or anywhere else—no matter who may build the railway, the people have to pay for it in the end in freight rates or fares; it cannot be good business to run these roads close together, one to be owned by the Grand Trunk Pacific and the other to be operated by it. Mr. Morse took the same view. The Grand Trunk Pacific had let the contract for this portion of  $11\frac{1}{2}$  miles, but on the main line the contract had not been awarded. I saw we had to get together and get rid of one of these lines, for I thought the people of Canada would object to our squandering money in this way. The Transcontinental line was to run north of the other line. We did make an arrangement; it took us several days—bargains cannot be made by one side only, nor can they be made in a moment. Finally we came to this decision, that if the Grand Trunk Pacific would agree to pay the interest in case the south line cost more than the north line, we would build it on certain conditions to be reported on by our chief engineer. The chief engineer reported that it would be quite advantageous to the Transcontinental, as being more convenient for the use of shops, etc. I think that report is contained in this published documents of the investigating commission. That report was made by Mr. Lumsden. But a difficulty arose, because the Grand Trunk Pacific had let a portion of their line, and, under the statute, we could not take that over without re-advertising. I made the stipulation that we would re-advertise. The result was that we got the line built more cheaply than the Grand Trunk Pacific, and, so far as the people generally are concerned, with that saving. There was a little difference between the estimated cost of the north line and what the south line actually did cost; but I do not think any one would say that it is a safe criterion to place the estimate of what a thing might cost with the report of what something else actually did cost, and say that the comparison is complete. The road was constructed, the Grand Trunk Pacific specifically agreed to pay the interest on the extra cost of that line. But these investigators did not think it worth while to dig deep enough to find out what really occurred. They should have asked their friends of the Ontario Government how my action affected them. It saved to the Ontario Government a bonus of \$2,000 a mile and a land grant on this line of  $11\frac{1}{2}$  miles. And building the line made the Grant Trunk Pacific branch line  $11\frac{1}{2}$  miles shorter, and, further—which these gentlemen did not think worth while to investigate—the Dominion of Canada saved a subsidy of \$6,400 a mile, because we had given a subsidy at that rate. These gentlemen never thought it worth while to look into the statute—great lawyer though one of them is. I say that this arrangement with regard to this line was good business, and if these gentlemen had looked into the facts, they would have found the amount was not very large—it was only an estimate anyway. The people of Canada have been saved for all time

paying freight rates on  $11\frac{1}{2}$  miles of extra line as well as interest on the cost of construction.

## Two Wilful Falsehoods about Contracts 16 and 17.

I now come to another question on which there can be some difference of opinion. A man would be very foolish to attempt to make the people of Canada or the people of any other country believe that an enterprise of this kind can be carried on without differences of opinion, without errors, or without leaks. No enterprise of this magnitude was ever carried on by anybody without these things occurring. There may have been errors of judgment, as there will be in all such great undertakings, but I submit that there has been no evidence to show that in this work there were more errors of judgment or more leaks than can be found in the work of any great companies carrying on similar enterprises anywhere in the world. The hon. member for East Simcoe (Mr. Bennett) this afternoon when I was, as is not my usual custom, using some very strong language as to falsehoods which had been sent out through the press, asked me for proof. I want to give him that proof, because I think his curiosity ought to be satisfied. What I am about to read is, mark you, not the report of the commissioners; it is a typewritten document which was handed to the press when the report was laid on the table of the House. On page 5 of this document which was handed to the press, a copy of which was also handed to me, are the following words:

Not only did they refuse to cancel the contract, but at the very time when they were discussing the matter with Mr. Hays, they consented to an assignment to O'Brien and O'Gorman and McDougall, whereby it was agreed that Davis & Company should receive 10 per cent of the gross cost of the work. That 10 per cent was to be deducted by the commission from the estimates. The commission duly deducted it, and M. P. Davis & J. T. Davis have received the \$740,000 for doing nothing, and which, had the commission and the Government performed their duty, they never would have received

On March 4, I asked this question:

Was an agreement entered into by the Transcontinental Railway Commissioners to retain 10 per cent from the moneys earned by O'Brien Fowler and McDougall on contracts 16 and 17, and pay the same to M. P. & J. T. Davis?

To this the acting Minister of Railways answered:

No; but commission ratified an assignment of these contracts, and the consideration of the transfer was 10 per cent.

The Minister of Railways says, in effect, that that report, whoever sent it, is not true. I asked another question, as follows:

Did the commissioners retain 10 per cent from the moneys so earned by O'Brien, Fowler and McDougall, and pay the same to M. P. & J. T. Davis?

The acting Minister of Railways answered:

No, the 10 per cent retained by the commissioners was the regular drawback and was released to O'Brien, O'Gorman and McDougall.

The minister says, therefore, that the contents of that document are false.

It is said that the commission consented to an assignment by which M. P. and J. T. Davis were to get 10 per cent. I have endeavoured to get a copy of that assignment, and I have been unable to do so.



I have the absolute assurance of the former chairman of the Transcontinental Commission that such an agreement never was in the office of the commission.

I have said quite frankly that it is a question about which there can be honest differences of opinion. The idea was sent through the country that the commission had kept that 10 per cent. The Minister of Railways says that is not true. The other idea was that the commission paid that 10 per cent. over to Davis; the Minister of Railways says that is not true, so I need not discuss that any further, but the impression was also created that this very agreement had gone through the office of the Transcontinental Commission.

The assignment itself, however, went through the commission, and I have a copy of it in my hand. It says nothing about 10 per cent. Whatever was the agreement between these men, this assignment says nothing about it.

Mr. REID: 10 per cent. was mentioned in the agreement.

Mr. GRAHAM: I have not seen the agreement.

Mr. REID: I cannot get it; the other commissioner has taken it away with him.

Mr. GRAHAM: I will not dispute what my hon. friend has in his mind; I will come to that in a moment. What I want to point out is that the wrong impression has been created throughout the country that the commission acted as a clearing house for Davis and O'Brien, that they collected the money and that the document agreeing to this 10 per cent was confirmed by the board. These are not the facts. Here is an extract from the minutes of a meeting held by the Commissioners of the Transcontinental Railway at Ottawa, October 4, 1909, Hon. S. N. Parent in the chair :

A letter from Merrss. Lafleur, MacDougall, Macfarlane & Pope, barristers, etc., Montreal, dated 30th ultimo, submitting an assignment in quadruplicate, dated the 29th day of September ultimo from Messrs. M. P. & J. T. Davis to Messrs. O'Brien, O.Gorman & MacDougall of two contracts, dated the 29th of October, 1908, between Messrs. M. P. & J. T. Davis and the commissioners for the construction of two sections of the Transcontinental railway, as follows:

District 'D' and 'E': from a point designated on the plans of the commissioners, being at the western end of Fauquier Bros.' Abitibi contract, in the province of Ontario, in a westerly direction, for a distance of about 102.24 miles;

District 'E': from a point designated on the plans of the commissioners about sixty miles west of the easterly boundary of district 'E', in the province of Ontario, westerly to the end of Fauquier Bros.' contract north of lake Nepigon, a distance of about 100 miles;

was read, and it was

Resolved, that the commissioners consent to the said assignment, subject to all the terms and conditions set forth and contained in the principal contracts and specifications annexed thereto and as described in the plans, profiles and drawings forming part of said principal contracts, it being distinctly understood and agreed that nothing in this consent contained nor any action of the commissioners in dealing with the said assignees, their servants or agents in lieu of the assignees, shall be taken or considered as in any way relieving the assignees from any obligation or liability to the commissioners under the terms of the principal contracts should default, breach or non-observance heretofore have been made or hereafter be made in or in respect of any of the terms or provisoes, covenants, agreements, conditions of reservations in the principal contracts contained; and that a copy of this resolution be furnished to the parties concerned.

Certified correct,

(Sgd) S. E. Tye.

Those are the minutes and the hon. gentleman must not confuse the assignment with the agreement between these two parties. This is the assignment they meant :

Memorandum of agreement between Messrs. M. P. & J. T. Davis parties of the first part, and Messrs. M. J. O'Brien, J. O'Gorman and Alexander McDougall, parties of the second part.

1. The parties of the first part hereby transfer, assign and make over to the parties of the second part, for the consideration and upon the conditions already set forth in the deed of transfer passed between them on the 16th day of September, 1909, all their right, title and interest in the two contracts, dated the 29th October, 1908, between the parties of the first part and the Commissioners of the Transcontinental railway for the construction of the two sections of railway hereinafter described:

District 'D' and 'E,' from a point designated on the plans of the commissioners, being at the western end of Fauquier Bros.' Abitibi contract, in the province of Ontario, in a westerly direction, for a distance of 104.24 miles.

District 'E,' from a point designated on the plans of the commissioners, about sixty miles west of the easterly boundary of district 'E,' in the province of Ontario, westerly to the end of Fauquier Bros.' contract north of lake Nepigon, a distance of about 100 miles.

2. Copies of the said two contracts have been handed to the parties of the second part who have taken communication thereof, together with the specifications accompanying the same.

3. The parties of the second part hereby undertake to carry out and complete the said contracts and to fulfil all the obligations imposed thereby upon the parties of the first part to the complete exoneration of the said parties of the first part, and this must be understood to mean, namely, that the commissioners shall be entitled to exercise as against the said parties of the second part all the rights and remedies which it is provided under the principle contract may be exercised by the said commissioners.

4. The parties of the first part agree to leave their two deposits, aggregating three hundred thousand dollars, with the commissioners of the Transcontinental railway as security for the performance of the said contracts.

5. The parties of the second part shall have the right to receive payment for the work embraced in this assignment direct from the commissioners and shall also have the right to deal direct with the commissioners in all matter pertaining to the work comprised in said section.

In witness whereof the parties hereto have hereunto set their hands and seals this 29th day of September, 1909.

**M. J. O'Brien.**  
**J. O'Gorman.**  
**Alexander McDougall.**  
**M. P. Davis.**  
**J. T. Davis.**

Signed, sealed and delivered in the presence of:

As to the signature of M. J. O'Brien.

Witness as to the signature of J. O'Gorman and Alexander McDougall:

**J. S. Hollinsworth.**

As to the signature of M. P. and J. T. Davis:

**Charles Lynch.**

The reason I read that was to show that, so far as Mr. Lynch-Staunton was able to find out, nothing has gone through the commission saying anything about ten per cent. Whether that was right or wrong I am not going to argue. I have not been able to find anything in the commissioner's hands to show that this 10 per cent was paid, but I understand that Mr. O'Brien said so in his evidence. I am going to admit that he paid the 10 per cent, or agreed to.

At page 635 in the examination of Mr. Parent, Mr. Lynch-Staunton claims that the commission had absolute power to **cancel** these



contracts under clause 20. Now, that is a debatable point; but it is possibly better that I should give a little history of this contract. Two contracts, No. 16 and No. 17, which were joined together, and which I shall for convenience call one contract, were in a part of the country very difficult to reach. The Transcontinental Commission was not hurrying to let these contracts, for the very reason, that it was thought the tenders would be high. But the Grand Trunk Pacific Company urged that tenders be called for this work. Tenders were called for this work, and the Grand Trunk Pacific Company was the only tenderer, but its offer was not a tender under the statute.

### **Force Account not Good Business.**

They offered to do the work as the work is being done on the foundations of the new customs building in Ottawa, by force account—cost, with a certain percentage added. Their proposition was, I think, cost with 10 per cent added. That was contrary to the statute. Force account is usually very extravagant, and it is that a contractor has a right to have whatever percentage of profit he is allowed added to every item. If he buys a ham for supplies, he charges his profit on the ham. If he buys a horse, the profit on the horse is added. On anything he buys, as well as on the wages of the men, this percentage is added; and there is every inducement for the contractor to make the cost just as high as he can, because he cannot lose, and on every dollar added to the cost of the work he gets a percentage under his contract. I have a case in my mind where a certain contractor who had a contract on force account wanted supplies that he did not need for two or three weeks, and could have got by freight easily, about half a car load. But he ordered them by express—why? Because he was receiving 10 per cent on the cost of transportation, and he got about ten times as much profit by getting the goods by express as by freight. That is one of the difficulties of work on force account. It is very apt to lead to a most extravagant cost, as I think this Government will find on its force account contracts, if it has not already found so. But, anyway, that was contrary to the statute. The Grand Trunk Company urged me very strongly to give them this contract. As minister, the awarding of the contract had to come to me finally in order to go to council. I refused to give a contract of that kind. Then this work was re-advertised, and we had the Grand Trunk Pacific and M. P. and J. T. Davis as tenderers. The latter were the lowest tenderers, and they were awarded the contract. Was there anything wrong in the awarding of the contract? On the answer to that question hinges a good deal of the opinion that may be formed as to the result. No person has ever questioned the validity, the honesty, of the awarding of that contract. Up to that point there is not a member in this House who will take exception to what was done. Then what occurred? M. P. and J. T. Davis afterwards sent a party up by Jackfish bay into that part of the territory to make a survey and bring them back a report as to the best means of getting at that work. And, if my memory serves me right, they went so far as to apply to the Secretary of State for power to incorporate a company to build a short line of railway to get their sup-

plies in by that route. I was told by Davis that these men spent practically the whole winter investigating. There was nothing dilatory up to that time. They came back in the spring, I think, and reported that that way of getting in his supplies was absolutely impracticable, and that he would gain nothing at all by endeavouring to get in by that route. They reported that the work would not be expedited by one hour, and they recommended him to wait till other sections of the railway a little farther on had been built. Would any man say that Davis should have gone up there against the advice of his surveyors when nothing was to be gained by it? I have no reason to believe that their report was not based on what they found, because I always believe every man honest, no matter what position he occupies, until somebody shows me that he is dishonest. Mr. Davis took the advice of his surveyors. In the fall sublet to O'Brien; and under what terms? I have never seen the figures, but I admit that he was to get ten per cent. The contract was properly let, and O'Brien was to get ten per cent. According to Mr. Davis, not a day's delay took place. After he transferred the contract to O'Brien, what happened? O'Brien proceeded with the work as rapidly as he could and in a short time was on one end of the work. I consider it all as one contract, being under one firm and being one continuous stretch. Should the contract have been cancelled?

### **Would Have Been Unwise to Cancel Davis' Contract.**

There are differences of opinion as to whether the contract could have been cancelled. I do not wish to detain the House by reading the contract, but, in essence, it says that if the work is not progressing to the satisfaction of the commissioners, they can take it out of the hands of the contractors, but in giving the work to somebody else, they do not release the contractor from his responsibility. Davis could have contended that he had used diligence, that he had sent in his surveying party and acted on their behalf; and it is a question whether under all the circumstances Davis could not have brought an action if the contract had been cancelled. There is a difference of opinion between lawyers as to whether we had authority to cancel that contract. Would the work have been expedited if it had been cancelled? Not by a day. At the time this contract could have been cancelled, if at all, that is, at the expiration of the time in which the contract should have been completed, O'Brien was on the ground and doing the work. Would it have been reasonable to cancel the contract after O'Brien was busy on the work? I say not. That would have retarded the work for perhaps a year longer. While I am not here to defend any man for getting a dollar to which he is not entitled—and this Government should make him pay that back if he is not entitled to it—I say that it is easy to have hindsight after a thing is all over, but that, under conditions existing at the time, the work would have been retarded by cancelling the contract. The work did not cost a dollar more than it would have cost if Davis had gone on with his contract, about the letting of which there has been no question. As law is not my forte, I leave that question by saying that there is reason for strong differences of opinion on that point.



But when the commissioners talk about rake-offs, dishonesty, and all that kind of thing, they do so in spite of the facts, because it was a question on which there could be reasonable difference of opinion, and upon which able lawyers differ, and the work did not cost a dollar more than if Davis had completed it himself.

### **The Question of Over-Break.**

I now come to the question of overbreak. When this great enterprise was taken up, it was not supposed that there would not be differences of opinion. Such differences must arise as to classification, construction, and various other matters. But ample provision was made in the statute for the settlement of these differences of opinion. What was that provision? I will read to the House clause 7 of the agreement, which forms part of the statute, made between the Government and the Grand Trunk Pacific in 1903 :

In order to insure, for the protection of the company as lessees of the eastern division of the said railway, the economical construction thereof in such a manner that it can be operated to the best advantage, it is hereby agreed that the specifications for the construction of the eastern division shall be submitted to, and approved of by, the company before the commencement of the work, and that the said work shall be done according to the said specifications and shall be subject to the joint supervision, inspection and acceptance of the chief engineer appointed by the Government and the chief engineer of the company, and, in the event of differences as to the specifications, or in case the said engineers shall differ as to the work, the questions in dispute shall be determined by the said engineers and a third arbitrator, to be chosen in the manner provided in paragraph four of this agreement.

Paragraph 4 provides that in the event of their inability to agree on a third arbitrator, the Chief Justice may appoint him. It was anticipated that differences would arise, and differences did arise. I want to show clearly just what took place. Under that clause provision was made for arbitration in disputed cases of overbreak, classification, or anything else pertaining to the work. The Grand Trunk Pacific engineer was one arbitrator, the chief engineer of the National Transcontinental Railway Commission was another, and the third was to be selected by them or appointed by the Chief Justice if they failed to agree. This board was organized to deal with disputes which might arise and which did arise. Mr. Kelliher represented the Grand Trunk Pacific. Is there a man in this House who will say that Mr. Kelliher is crooked or incapable? The other was Mr. Gordon Grant. Is there a man in this House who will say that Mr. Gordon Grant is crooked or incapable? They know that such a charge could not lie because he is kept in the employ of the present Government, and is an able, competent and honest man. The third man selected was the Nestor of railway building and of chief engineers in the Dominion, that grand old man, Mr. Collingwood Schreiber, C.E., a man who has served this country for many years. When you were boys, very young boys, before some of us were born, Collingwood Schreiber was in the service of this country. Show me the man that can point to Collingwood Schreiber in a way to suggest that he is anything but an honourable, upright and capable man, or one who, through his long years of service, has ever swerved from the path of rectitude or

fight in dealing with any interest with which he has been brought in contact. These three men were appointed arbitrators, they went over the line and they made their award at the time when the complaints were made as to overbreak and classification. They went over the line when the evidences were all fresh as to what the classification ought to be, and that is the only time when you can come to a proper decision in regard to the matter. They heard the evidence, saw the inspecting engineers, and brought in their award. That award stands, and by the old Government was confirmed. If this Government has settled with some contractors at a less price than we demanded of them, then this Government has not much to say about overbreak. In order to substantiate the contention of Mr. Gutelius and Mr. Lynch-Staunton, they have to assume two things in reference to overbreak and classification, first, that after years of the ravages of the elements, snow, frost and rain, and climatic injuries, they are competent to go into a cutting and say what the classification ought to have been years before, and they must assume that against the opinions of the very best engineers in the world. That is another impossibility from an engineering standpoint. They have to make another assumption, and that is that Messrs. Kelliher, Gordon Grant and Collingwood Schreiber, either through incapacity or through wilful malice or neglect of duty, brought in a false report. They have to assume both of these positions. I say that neither of them is tenable for one minute. I would pin my faith on the truth of what Collingwood Schreiber told me after he had been on the ground with the responsibility of an arbitrator upon him rather than upon what I was told by Mr. Gutelius, who goes there years afterwards and pretends to revise the work of such a man as Collingwood Schreiber.

### **Highest Expert Opinion on Construction Problems Refutes Gutelius and Staunton.**

Let me read you the opinion of an authority upon this question of overbreak. I will give my hon. friend (Mr. Meighen) the name. This is an engineer, not a lawyer, and he is not so sensitive. I state without any hesitation that the name I am going to mention now is that of an authority on the continent of America, and he is so acknowledged. He is one of the five men who form the Board of Valuation for the United States of all the railway companies in the United States upon which the Inter-State Commerce Commission bases its rate sheet. He is recognized as one of the greatest authorities on construction. He is the man who took the Union Pacific railway when it was a bankrupt concern and, by changing the grades and curves and shortening the line, brought it up to a position in which it pays dividends to its shareholders. I may say that when I submitted this report to Mr. Berry I asked him to give me his opinion on these three points: Tell me what you think of over-classification as outlined in that report; tell me what you think of wooden trestles and tell me what you think, from this report, of momentum grades. He is the leading authority in America on these questions. His name is J. B. Berry, formerly chief engineer of the Union Pacific railway, now occupying the honourable position to which I have alluded, and also assistant



to the President of the Chicago, Rock Island and Pacific railroad.

Mr. BELAND: He is known the world over.

Mr. GRAHAM: He is known the world over and he possibly has revised more railways than any one chief engineer on this continent or anywhere else. He says :

It is almost universally the case that classified material over-runs preliminary estimates and in many cases material classified as earth in those estimates, is classified as loose or solid rock when the line is constructed. In some cases where the difficulties of handling and moving material are such as to make the work expensive, contractors are allowed a higher classification than a rigid interpretation of the contract would permit. This is done after a thorough investigation to make sure that the contractor has not used unnecessary expense in performing the work.

To draw the exact line between the different classes of materials is one of the hard problems of construction. In some cases the circumstances under which the work was done have much to do with it.

The subordinate engineer is almost always apt to be severe with the contractor in the allowance of classified material.

It is a difficult matter to classify material even within a year after the work is done, since many of the materials which are properly classified as rock disintegrate on being exposed to the air. Frequently the blasting shatters the material left in the exposed portion of the slopes, giving the impression that the material was loose rock when, in fact, it was solid rock before the blasting. In the absence of direct proof to the contrary, it would appear that the contractors are only allowed what they are entitled to, hence when the investigation commission states that \$3,300,000 has been wasted on account of improper classification, it is to be hoped that they have done so only after the most thorough and careful investigation.

He did not know that the arbitrators appointed by statute had gone over this work that they might make the classification, and he rather sarcastically ends his opinion on that item of \$3,300,000 by saying that he hoped the commission have made a proper investigation although it is impossible almost to make an investigation after one year and he does not know just how many years it is since this was done.

### **Velocity Grades Defeat Object of Road.**

Now, I am coming to another point, and I trust that I am not becoming tiresome. I will have to ask hon. gentlemen opposite to bear with me, and I do not think they can object if I take a few hours in dealing with a report that it took their hired men two years to construct. I come now to the question of velocity grades. I noticed that the acting Minister of Railways and Canals spoke of velocity grades. I suppose that he and I really have to depend on the information we get, not being, as he thinks a man ought to be, at the head of a big department of Government, practical engineers or construction men.

I want to speak of velocity grades, and before I finish I think I will convince even the acting Minister of Railways that it was a mistake to change the grades of this road—on the advice, I believe, of my friend, Mr. Gutelius. What use is it anyway to have good grades on a road? Why try to get rid of bad grades? Well, you can ask Mr. Gutelius. He is asking the Minister of Railways to give him a lot of money to get rid of grades on the Intercolonial; he is willing to dump them over on the Grand Trunk Pacific, but he does not want them on his road; when he comes to operate a road, he

knows better, the difficulty with grades. It is much easier to make a report about grades than it is to operate a railway with bad grades, and that is where Mr. Gutelius is. I shall give a little evidence, en passant, as to the benefit of low grades. I shall requote what I cited a year or two ago, to show the benefit of standard grades on this particular line, and what the great engineers in the old land think about it. It will not be hard for the members of the House to deduce for themselves, what effect it will have on these men, when they find that all the benefits to be derived from this high standard on which the Transcontinental railway was to be built, are nullified because this Government has not let that high standard remain.

### **The Opinion of a Great British Engineer.**

I shall quote from Mr. Elliott Cooper, President of the Institute of Civil Engineers, London, who on November 5, 1912, dealing with the National Transcontinental railway of Canada, after being over here wrote:

One of the prominent features of this great railway is its location in view of the gradients which have been obtained, suitable to the nature of its expected traffic. In nearly all new countries this is a most important matter, and the future financial success of its railway depends largely on the skill of the locating engineers; this is becoming more and more important as the neglect of it in the earlier lines becomes manifest with the growth of traffic. The prevalence of high wages for skilled labour, and the comparative unimportance of frequent train service, points in this case to the enormous economic advantage of concentrating the loading into as few trains as possible. Hence the employment of powerful locomotives and easy rolling gradients. So much has this consideration weighed with the engineers of this modern Transcontinental railway that to gain an easy gradient an additional nineteen miles near Quebec and seventeen miles in New Brunswick have been added to the original location, which otherwise would have been more obviously advantageous route. Heavy works, circuitous alignment, and spiral tunnels were undertaken also in the Rocky Mountain section with the same object. But in these new countries, mere reduction in dealing with the gradient is not the only care. The trend of heavy raw material loading in almost invariably towards the seaboard, while the back loading is comparatively light. The ratio between the average paying and dead load in either direction has to be constantly in the mind of the engineer, and large outlay in surveying alternative routes in these cases may be abundantly justified. In this long line, however, the various interests to be served are somewhat different owing to the several main outlets and intermediate cities, and, with some insignificant exceptions the ruling gradients against the east and west-bound traffic have been fixed at one in 250 and one in 170, respectively, for the eastern section, and one in 250 and one in 203 for the western one, and these have been secured even through the mountains. The new lines can hardly be said, at all events at present, to compete with the other transcontinental line across North America, as the distance between them are so great; but its advantages over them in gradient is enormous, for in crossing the 'Rockies', one summit of only 3,712 feet above the sea level has to be set against two summits of the Canadian Pacific of 5,300 and 4,308 feet, and three of the Union Pacific of 8,247, 7,107, and 5,631 feet, while the maximum gradients of the Grand Trunk Pacific are about five times as easy as on these more southerly railways. On the Grand Trunk Pacific the standard freight train of 2,000 tons can be hauled from Winnipeg to Prince Rupert by one locomotive without help, the hauling power of the engine thus being four times as much as the Great Northern, Northern Pacific or Union Pacific, five times more than Santa Fe, and seven times more than the Canadian Pacific.

And Sir, from Winnipeg to Prince Rupert, the Grand Trunk Pacific has not put in one velocity grade, and one would think, as they are to be the operating company, they know what they are doing in



not having these ups and downs on their railway.

I will give another authority, and I think the Minister of Railways will agree with this authority. The hon. gentleman (Mr. Reid) made a little mistake to-day about that \$41,000,000 and I have no doubt, he has been punished for that since, but outside of that he spoke strongly about this road going to be a load on the taxpayer. Well, a certain gentleman, whose name I mentioned a moment ago, knew it was going to cost \$160,000,000, besides the interest on construction during the time of construction, but nevertheless he said it was going to be a national asset to the people of Canada. Who said that? Major Leonard, the Transcontinental railway commissioner said that. It must be remembered that Mr. Gordon Grant's ability is shown absolutely, in the making of his estimate, because the estimate he made prior to Major Leonard taking charge is the estimate he stands by to-day, and unless the cost in Quebec is larger—as it will be much larger under the new scheme than under the old—his estimate will probably finish the road.

### **N. T. R. an Asset nor a Burden.**

With Mr. Gordon Grant's estimate before him, Major Leonard said the National Transcontinental would be a national asset. I would like the acting Minister of Railways to pay some attention to his own commissioner who, according to my hon. friend, has combined in his one person more wisdom than all his predecessors in office put together. I shall read what Mr. Leonard said, before he had Mr. Staunton and Mr. Gutelius sent to advise him what he ought to do.

I want to say I have great confidence in Major Leonard, and that I think he is an able man and an honest man. I differ with some of his views, as I have the right to, and he is kind enough to allow me to do that without feeling that I am outside my rights. And believing that, I want to ask the Minister of Railways how he will harmonize his lamentations of Israel this afternoon, with this statement of Major Leonard, his commissioner, to whom is entrusted the completion of this work. Major Leonard, when he was appointed to his present position, made a speech in Brantford, in the course of which he said:

What the cost will be to complete the road to Moncton is hard to say—

I would like to edit that a little, if you would allow me, Mr. Speaker. He had an estimate of \$161,000,000, that being practically the estimate I had myself. But he had his doubts as to whether it would cost more or not. With that doubt in his mind, he said :

What the cost will be to complete the road to Moncton is hard to say, but it is now nearly all under construction, all but 400 or 500 miles between Cochrane and Winnipeg. The Quebec bridge, which, when finished, will be the largest bridge in the world will take 48,000 tons of steel and will take five or six years to build. Going east our line runs at about a 4-10 grade, and an engine will haul 1,600 tons, whereas on the other roads, where a 1 per cent grade exists, 800 is all that can be hauled.

Major Leonard having said this, I want my hon. friend who thinks the National Transcontinental is going to be a burden on the

people of Canada—or rather who says he thinks that—to listen to what further his own commissioner said :

**The National Transcontinental is a national asset, not a burden to the people of Canada.**

Now, if what my hon. friend told us this afternoon were true he could not keep Major Leonard, because he is preaching heresy that the optimistic Canadian all over this land believes—that the traffic when developed throughout Canada will keep all our transportation companies busy, including the Grand Trunk Pacific—if it is not spoiled in the finishing.

### **The Government's Own Assistant Commissioner.**

Now, I will give another authority—hon. gentlemen opposite do not like these; it is quoting their own authorities against themselves. My hon. friend the acting Minister of Railways must admit now that Mr. MacPherson is a capable authority. Will anybody deny it? Surely not. For he has been made assistant to Major Leonard, and he is there now. On the 28th of June, 1909, Mr. MacPherson spoke about the low grades and easy curves as a practical man. He read a paper before the British Association for the Advancement of Science. Among other things, he said:

The distance on the Transcontinental railway will be 1,351 miles—

That is, from Winnipeg to Quebec.

—and, as the maximum eastbound grade is 21.12 feet per mile, compensated for curvature, the heaviest locomotive built to-day, a 'Mallet Articulated Compound,' fully described in the Railway Age Gazette of April 30, 1909, is capable of hauling on this grade a gross load behind the tender of 4,290 tons.

Assuming the tare 33½ per cent of gross load, the net paying load would be 2,860 tons, equal to 95,333 bushels of wheat, in one train. If we assume the earnings of such train to be \$4.40 per train mile, or exactly double the earnings of the Canadian Pacific railway freight train miles for 1908, we find the cost per bushel over the 1,351 miles between Winnipeg and Quebec to be 4.25 cents. The lowest rate that the writer is aware of having been in force from Fort William to Montreal via: the lake, canal and St. Lawrence river, a distance of 1,216 miles, was 4 cents per bushel in 1908. This 4 cents per bushel for 1,216 miles, would be equivalent to 4.44 cents for 1,350 miles, so that, at \$4.40 per train mile, the engines above referred to could haul grain on the Transcontinental eastbound from Winnipeg to Quebec for 0.19 cents per bushel cheaper than the cheapest existing water route could haul it the same distance and 10.86 per bushel cheaper than the present combined rail and water rates between the two points in question.

That is, with the easy grades.

### **The Opinion of a Conservative Member of Parliament.**

Mr. AMES: How about the rental?

Mr. GRAHAM: I will come to the rental in a little while. I do not blame my hon. friend (Mr. Ames) for getting nervous. I have a quotation to make from the remarks of the hon. gentleman himself. He gave an interview to the Montreal Gazette, declaring that he had been over this road, that it was completed up to standard, and was a fine road. He pointed out the great benefits to be derived by eastern Canada on account of the road being built to such a high standard.

An hon. MEMBER: He will not say that now.

Mr. GRAHAM: Yes, he stands to that yet. But let me give a little further evidence as to the benefit of the grades—and a little

later I will give authority to show that velocity grades do interfere in our climate, with the efficiency of the road. Mr. MacPherson never mentioned velocity grades, but took the four-tenths and six-tenths without saying anything about 'virtual grades,' as they call them now when the road is degraded.

### The Essential Considerations in Regard to Grades.

Now, I want to read some notes carefully made by myself, partially with assistance. They are notes dealing with this important question. I give them to the House as my own, and I challenge contradiction of any statement I make:

In the consideration of any question concerning the location and operation of any section of the National Transcontinental railway, it is necessary to bear in mind the magnitude of the project, the character of the traffic, its relations to other railways in the matter of competition, not alone in Canada but in the United States, and the extreme rigour of the climatic conditions which must be met amply and completely if uninterrupted service is to be maintained.

The first consideration is to build the road so that the trains will be able to carry the largest possible load, thus reducing the cost of operation per ton. The next consideration is to have a line on which these trains can be run at a uniformity fair rate of speed and without delay. Many of the United States roads were built on the cheaper plan at first, as the commission says this road should have been built,—let me give you a few instances. In some cases a ten degree curve causes a resistance equal to a four-tenths grade, and when you put in a four-tenths grade and a ten degree curve you have the equivalent of an eight-tenths grade. So that the question of curve is almost as important as the question of grade. The question of reducing the grades and getting the roads up to the standard was one in which the American roads were particularly interested; many of them found that they were losing money. Investments by capitalists of the world were being lost, and these kings of transportation and industry decided that they must bring their roads up to a standard if they were to get capital or keep out of bankruptcy. Largely on account of their poor construction, 75 per cent of the railways in the United States have been in the receivers hands some time during their existence. I will give a list of some of the roads that looked into this matter and acted according to common sense:

The Union Pacific is a pertinent example. For years it had been operated unprofitably; then it thoroughly rebuilt, grades and curvature readjusted, and with the physical transformation there came a financial transformation which placed it in the front rank of profitable and self-supporting railways.

The Central Pacific railway, which was the Pacific coast connection for the Union Pacific, had been spending millions of dollars to reduce its grades and sharp curvature on the Pacific slope of the Sierras.

One of the western lines leading out of Chicago, the Chicago, Burlington and Quincy, began several years ago to reduce its grades upon heavy freight districts to three-tenths of one per cent or to less than sixteen feet per mile at enormous cost, and it is to-day one of the few profitable railways of the middle west.

And why? Because it reduced its grades not to virtual grades but to real grades of three-tenths of one per cent.

Another, the Chicago and Northwestern, practically rebuilt its entire line from Chicago to Omaha, reducing its grades across a difficult country to six-



tenths in one direction, and seven-tenths in the other direction, and improving its curvature, and abandoning many miles of original construction, actually destroying the physical results of previously invested capital and adding additional capital in order that it might transport the products of the country at a profit instead of at a loss.

Mr. MEIGHEN: Have you any figures as to the traffic on those roads?

Mr. GRAHAM: When the roads were reduced on account of lower grades and curvatures, the traffic naturally increased; the better the grades the more traffic a line will get. The cheaper you can conduct your business and share your profits with the people, the more business the people will give you. The grades that were being put on the Grand Trunk Pacific railway were a source of trouble and anxiety to other railways, including some of the railways on the other side of the line, and this matter has been very widely discussed. I want to point out that when the operating company with whom the Government had entered into contract to build the line according to the specifications approved by them, mentioned a four-tenths and a six-tenths grade, they knew what they were talking about, and the Government had no earthly right to change that part of the agreement. I understand that they did not use any velocity grades west of Winnipeg.

### The Opinion of Railway Experts.

There is a difference of opinion about momentum grades. I am not going to say for one moment that engineers who think that the velocity grades are all right are ignoramuses or are not giving an honest opinion. This is a very big engineering question, and there are differences of opinion in the matter. Some engineers think that velocity grades are all right, but the consensus of opinion, as nearly as I can gather, is that while velocity grades may be practicable in a warm country where conditions are nearly always favourable, they are not suitable to a country of snow and frost like Canada, where the snow gets on the tracks and where the tracks are often slippery. Momentum grades can only be successfully used where every condition is perfectly normal. No matter what engineers may say, no man who sits at the throttle of an engine and runs a train when the thermometer is anywhere from 30 to 40 degrees below zero, or in a blinding snow-storm, when there are six inches of snow on the track, will say that he can do it as easily on a velocity grade as he can on a level track. He has to have full speed up when he reaches the bottom of the grade, and anything that prevents a normal condition will prevent him from bringing his train up the incline. The velocity grade is based on the principle that you can store enough energy in a moving train to carry it up the incline over which the locomotive itself would not carry it. As I have pointed out, all conditions must be right. I want to give hon. gentlemen a little expert opinion. The American Railway Engineering and Maintenance of Way Association is made up of the chief engineers of the continent of America. I had the honour of speaking before that body and of meeting some of those very prominent men at a time when I, as Minister of Railways, was engaged

in this work. I admit that some of the members of the engineering staff thought they would like to try velocity grades on the Canadian roads. I discussed the situation with some of the most eminent men I found at that gathering, and I came back fully impressed with the fact that while velocity grades under perfect conditions were practicable, it would be assuming a great risk in our climate and under our conditions to establish velocity grades on this new through highway. Let me point out what the committee of this Maintenance of Way Association reported in 1902. Among other things, they said:

Modern railroad practice has substantially established the fact that momentum grades have their uses and are frequently of great value, but there definite and well-known objections to their indiscriminate use, and that they should be adopted as a matter of course ordinarily or wherever opportunity offers, especially in original secation, may be seriously questioned.

This association takes the ground that, even where the conditions are perfect, it is a mistake to introduce velocity grades on a new line, for you do not know where the density of traffic is going to be to begin with and so you cannot establish the velocity grades in the proper places.

Mr. SAM SHARPE: Has the Canadian Pacific railway not got them?

Mr. GRAHAM: Yes, in revision of lines. They do not adopt grades anything like that in original locations, and, on a road where they have some very high grades which are almost impossible to remove, in the revision of lines where they know where the density of traffic is, they have introduced velocity grades. In that they have followed the Maintenance of Way Association, and not Mr. Gutelius.

In revision of line, conditions of traffic and of operating are more definitely settled, and the use of momentum grades can be more intelligently made. It is often a choice between a momentum grade and the alternative of a lower train load over a division, if the grade in question is the real limiting grade of the division.

The Canadian Pacific railway have introduced momentum grade in revising lines, knowing where the density of traffic is. They have done that in some cases rather than remove the maximum grade. But although they have done that on Canadian Pacific grades, if you look at the time sheets, it will be seen that on a vertical four-tenths grade their trains are never loaded over the capacity of a seven-tenths per cent grade, thus showing clearly that a velocity grade of four-tenths is no better than a seven-tenths real grade in some instances.

### **The Folly of Wooden Trestles.**

I wish to discuss grades and curves together and to give an authority on them and on standard wooden bridges as well. This commission has said we should have had wooden bridges. Where is that authority? Wooden trestles and bridges particularly on a through line, subject to fire unless we had watchmen on every one of them—why, Sir, the Board of Railway Commissioners of Canada is compelling the railway companies to fill up just such trestles as this commission says we ought to have put in the riding of Brockville, on what was known as the B. and W., now taken over by the Canadian Northern railway, where a trestle has existed for years, the Board of Rail-

way Commissioners has compelled the Canadian Northern railway to fill in that trestle and rightly so.

I want to ask a question of the members of the Government. I say that the Minister of Railways, who I regret is absent through illness, does not believe one line of that report as to wooden trestles or bridges. I asked him in the House if it were true that he was putting wooden structures in as permanent structures, in place of steel structures as required by the original standard. He said: That is not true, I have not put in one. I referred to the matter again, and the minister grew a little indignant at me and said: I denied it once and I am not doing anything of the kind. Consequently he does not believe in this report. But I ask again, during the past year what has been done? If you look at the report of the Transcontinental Railway Commission for the past year, it will be seen that Major Leonard said they do not take any stock in this rubbish at all about these wooden structures. You will find in the ninth annual report of the Transcontinental Commissioners, proof that the Government does not believe this report about these wooden trestles and bridges a bit more than they believe the report about the Transcona shops or the entrance to Winnipeg. During last year this commission, Major Leonard, aided and abetted by this Government, bought no less than 55 steel structures for the Transcontinental railway. Why did they not put in wooden ones?

Mr. McKENZIE: Because they would rot and fall down.

Mr. GRAHAM: Common sense. I say that the Government, I say that Major Leonard did right. It would have been absolutely wrong, next to criminal, for the Government to have done anything else and still this Government is distributing a report saying that we could have saved on wooden trestles \$2,947,000—and they dare not attempt to save one farthing themselves in this way. I challenge this Government to show me where they have adopted a wooden trestle or a wooden bridge in preference to a steel structure. In modern railway construction, where the Government is handing over a completed road and not where the company itself is going to operate the road and is going to do the filling, it would have been, I say, nearly criminal to put in these wooden bridges. I say further that the Grand Trunk Pacific would not have taken over the road as completed had they done so, and they know it. I think I have satisfied my hon. friend that he does not believe in these wooden structures. If he does he had better join the Investigating Commission and not support this Government that does not believe in them.

### **Effect of Velocity Grades in Hauling Capacity.**

I now come to momentum or velocity grades. If the acting Minister of Railways will turn to the example of a velocity grade, given on page 71 of the report, I will give him the opinion of an undoubted authority on momentum grades, Mr. Berry, that there are conditions under which a train cannot be hauled up a velocity grade, even the one cited on page 71 of the report, which is not the worst Mr. Gutelius could get. A full train of empty cars could not climb that grade under any conditions. It would stall at least 1,000 feet from the top. That



cannot be disputed by any known authority in this country. I will give my hon. friend another case. A full train of loaded cars could not under certain conditions climb the velocity grade outlined on page 71; if there were three or four inches of snow, and the temperature were thirty degrees below zero, and if at the foot of that incline something goes wrong even of a very minor character, such as a leaking valve in the engine, the train cannot climb that grade. These are conditions which make that velocity grade absolutely prohibitive to a fully loaded Grand Trunk Pacific train. Still, the example is introduced and called a virtual four-tenths. It is a virtual deception. Let me give Mr. Berry's opinion on momentum or velocity grades, and you will note, Mr. Speaker, that these prominent engineers are very careful to speak in as mild a way as possible—professional etiquette, which is very proper. But one can read between the lines and imagine what Mr. Berry would say in private conversation about velocity grades. Mr. Berry says:

20. There is considerable difference of opinion as to the advisability of using momentum grades in building a new line, particularly on a through traffic line, such as this line is to be. There are so many undetermined features that make the chances great for stalling the train on the velocity grade. Considering the example of the velocity grade shown on page 71 of the report of the Investigating Commission, with the engine working in good condition and with a train of heavy loaded cars in summer time, the engine will surmount the seventy-two one hundredths of one per cent grade, reaching the top of it at ten miles per hour. However, anything requiring a slacking of speed, temporarily, is liable to stall the train before it reaches the end of this heavier grade.

21. Actual data gathered from the dynamometer tests develop the fact that train resistance per ton of train decreases as the average gross weight per car of train increases; also that for cars of equal weight the resistance increases as the temperature decreases; further, the condition of track materially affects the resistance of trains.

22. The American Railway Engineering Association has adopted the following resistances derived from a large number of dynamometer tests as fitting the majority of railroads in America, with track in reasonably good condition.

Pounds resistance per ton of train on level tangent.

Tons per car of	Above 35° F.	20 to 35° F.	0° to 20° F.	Below 0° F.
1 train				
18	9.0	10.6	12.5	14.9
30	6.3	7.6	9.1	11.1
50	4.6	5.7	7.1	8.8
70	3.9	0.0	6.2	7.8

23. No velocity grade should ever be used except it takes into consideration the severest conditions of train resistance that can be met with; this would be the resistance of empty cars in the coldest weather. The average weight of empty freight cars is 18 tons; consider a train of empty cars on the same momentum grade as before—with the locomotive generating steam as freely as in summer weather: the train starting at the top of the six tenths of one per cent grade at ten miles per hour will attain a velocity of about 18 miles at the foot of the grade and will only be able to maintain that velocity on the level grade. When the train begins to ascend the seventy two one hundredths of one per cent grade the velocity will gradually decrease until it reaches ten miles per hour in about 1,500 feet of distance with 1,000 feet of the seventy-two one hundredths of one per cent grade to still overcome.

I am giving you as my authority, one of the best on the continent of America.

24. It is a well recognized fact that no momentum grade should be laid with a velocity of less than ten miles per hour, at the top of the grade, as a little bad

track within the limits of the grade will create additional resistance with a possibility of stalling the train on the grade.

25. Laying the correct velocity grade on the profile shown on page 71 of the report of the National Transcontinental railway investigation, we would have a seventy-two one hundredths of one per cent gradient from the level grade at station 32, joining the four tenths of one per cent gradient at station 47, or 1,800 feet further down the hill than shown on the present profile. The saving in this particular profile would be about 15,000 cubic yards instead of 60,000 as in the other example. The grading for the total 6,000 feet of profile is about 115,000 cubic yards. This particular profile covers a case where the fill is heavy and the saving particularly heavy.

### High Standard Worth the Money.

I think Mr. Berry has made it quite clear that velocity grades should not be used except where conditions are absolutely perfect for their operation. He next refers to what this commission claimed would be a saving in cost. I say, and Mr. Berry is of the same opinion, that even if the extra cost were incurred, that the commissioners figure out by some peculiar method, it would be worth it on account of the higher standard of the road. Mr. Berry says:

(26). It is ridiculous for them to claim that so large an amount of the cost of grading would be saved by the use of velocity grades; they can only be used in the sags at the foot of maximum grades. There are many places where there are several miles of continuous maximum grades in such places the work is generally heavy and expensive; with the only possibility of using one momentum grade for each stretch of maximum gradient, it would not make the work of grading these long stretches cost less, except for the pay for the additional embankment for a short distance at the foot of the grade where the velocity grade was not used.

27. Again, there are miles of distance through the flatter sections of the country where even the maximum grades are not used and consequently no possible use of the heavier momentum grades.

28. The statement that ten per cent. of the cost of excavating the cuttings and the formation of the embankments was lost, due to the neglect to use momentum grades is radically wrong. The only place where such an enormous saving can be made is where the entire line is made up of short sags of from one to two miles in length between summits and requiring maximum grades to dip into the sags.

Might I interpolate here, for the benefit of the acting Minister of Railways, that a sag similar to those on the Grand Trunk Pacific has during the last year been levelled out at Cardinal in his own riding, in order to lessen the cost of operation.

(29) Except in cases where very large savings would be made by the use of momentum grades, it is questionable whether their use is advisable, due to the possibility of stalling trains on these grades.

(30) Momentum grades are not generally used in the construction of new main lines of railway in the United States. They are used occasionally in revising grades on present tracks at points where there would be a material saving in grading quantities and where experience has indicated that they can expect a train velocity sufficient to overcome the gradient, but on the leading railways the tendency is to gradually eliminate even all such places and have no gradient steeper than the ruling gradient of the division.

(31) Experience has shown where momentum grades have been introduced in new construction for lines of heavy traffic that they usually are a waste of money rather than an economy, for the following reasons:

(32) The momentum grades are introduced at the foot of maximum grades to reduce the amount of fill in heavy embankments.

(33) The embankments continue settling for several years thus increasing the actual gradient to be overcome and frequently requiring the slowing down of trains. The result is that the actual gradient becomes the governing factor



as to tonnage that can be handled, hence requiring more trains to handle the traffic on a line where the momentum grades have been frequently used, or the doubling of the hill by trains where only used occasionally.

(34) The cost of such extra trains or of doubling the hills is generally greater than the interest on the difference in cost of construction had the line been built to the ruling gradient.

(35) Further, the cost to build the track to the ruling grade under traffic is much higher than the cost would have been had the work been done during the construction.

(36) Momentum grades are not always an economy in the construction of main lines for through traffic and are seldom used in the United States on such lines.

This is the United States authority who has revised more lines than probably any other single chief engineer, and he says this with a full knowledge of the particulars of every line in the United States, on account of his being a member of the board to which I have alluded. This authority, in spite of what is said by this commission, says that it is not the custom to use momentum grades upon the lines of the United States.

### **"Saving" on Sharp Curves would have been costly.**

This commission also says that we could have saved \$2,400,000 by putting in sharp curves. The commission says that velocity grades would have saved \$6,200,000. I have dealt with velocity grades and given you the authority. The commissioners say that the use of wooden trestles would have saved \$2,947,000. I have dealt partly with this, and will allude to it again in a moment. Now, as to sharp curves, I give you my authority again—Mr. J. B. Berry. He says:

#### **Alignment.**

(37) The allowance of the use of a six degree curve maximum with at least 300 feet of tangent between curves is a liberal one, particularly for a line built as this one was with low gradients and of a permanent nature of construction.

A six degree curve is allowed in the construction of the National Transcontinental railway, whereas this commission said that we should have made the curves ten degrees.

(38) For a single track line that must safely carry passenger and freight traffic, the less the degree of curvature, the greater the degree of safety to the traffic.

(39) The super-elevation of the outer rail on curves should be enough to safely care for the passenger traffic and should in no case be greater than eight inches.

(40) Some of the leading roads of America make the maximum allowable elevation of the outer rail seven inches; eight inches elevation is the proper amount for a six degree curve for a velocity of 45 miles per hour and for a ten degree curve is proper for a velocity of slightly less than 35 miles per hour. For passenger service a ten degree curve would require the checking of speeding before entering the curve.

(41) For freight service a curve with eight inches elevation with train running at 10 miles per hour would throw a much heavier weight on the inside rail than the outside, resulting in the crushing and grinding of the inside rail.

(42) Take a modern consolidation engine, of 50,000 pounds weight on a pair of drivers, there would be practically 24,000 pounds more weight on the inside rail than on the outer rail or 37,000 pounds against 13,000. This additional weight on the inside rail does produce additional expense in maintaining the rail and in labour keeping up the track.

The report contains a number of purely technical details given by Mr. Berry in support of his argument, which, with the permission



of the House, I shall omit and hand to 'Hansard.'

(43) The following table shows the elevation for different degrees of curve for 45 mile speeds and the weight on each rail for a pair of drivers carrying 50,000 pounds at a speed of 10 miles per hour.

Degree curve.	Super-elevation inches.	Weight on inside rail. pounds.	Weight on outside rail. pounds.
1.....	1- 5.16	27,000	23,000
2.....	2-11.16	29,000	21,000
3.....	4	31,000	19,000
4.....	5- 5.16	33,000	17,000
5.....	6-11.16	35,000	15,000
6.....	8	37,000	13,000

(44) From the table it can be seen that for curves elevated for passenger speeds the fibre stress on the inside rail caused by freight engines at lower speeds materially decreases as the degree of curve decreases, thus making the lower degree of curvation safer. In adopting a six degree curve as a maximum, the engineers have taken the maximum that can be used without materially affecting the speed of passenger trains.

(45) On the ruling grade of four-tenths of one per cent a six degree curve seems excessive as it brings about a condition in descending the grade of creating a resistance equal to an ascending grade of eight one hundredths of one per cent. The additional resistance of a six degree curve over the tangent resistance is considered as equal to a twenty-four one-hundredths of one per cent grade.

(46) Therefore, on a ruling four tenths of one per cent grade line the actual grade laid for a six degree curve is sixteen one-hundredths of one per cent.

(47) In coming down the hill the train actually meets resistance equal to the difference between the twenty-four one hundredths of one per cent and the sixth one-hundredths of one per cent grade line, or eight one-hundredths of one per cent.

I want to call the attention of the House to this, because this is what the commission says ought to have been done to save \$2,400,000.

(48) Should ten degree curves have been adopted, the curves would have been actually laid on a level grade line and in going down the hill trains would have encountered an uphill resistance of four tenths of one per cent at each ten degree curve.

(49) With reference to the claim on page 73 of the report of the Investigating Commission, that \$2,400,000 could have been saved by the adoption of ten degree curves, the method of estimating this is the wildest kind of a guess.

(50) It is assumed that the engineers used the maximum six degree wherever it gave any material saving in grading. The only possible way of determining the saving that would have been made had heavier curvature been allowed would be to run out the line at each six degree curve, using the heavier curve, up to ten degrees, that would give the least construction cost, and estimating the difference.

(51) It does not appear from the report that this was done. In fact, they have estimated in some unknown manner that the additional expenditure of one-quarter of the rough work due to keeping within the limits prescribed by the rules as being \$602,000 and they then multiplied this by four to get the \$2,400,000.

And if it had been ten they could have multiplied it by four and got \$40,000,000 just as well.

I continue to read Mr. Barry:

(52) The fact is that there are many hundreds of miles of rough and extremely heavy work on the American railroads that the use of a six degree curve would not create any appreciable difference in the cost over the use of curves up to ten degrees.

(53) In the rebuilding of the Union Pacific railroad, four degrees was the maximum curvature used, with 600 feet tangent between the curves. The only exception to this was in the narrow confines of Echo and Weber conyons where

somewhat heavier curves were allowed, but the distance between curves was maintained.

I submit, Mr. Speaker, that on the question of curves a case has been made out against the Investigating Commission, and I am willing to leave the authority I have read, to any one competent on the continent of America, but he must be competent and not be partisan. Mr. Berry has no interest whatever in giving me any report that would be favourable or unfavourable to one side or other of the case.

### Permanent Versus Temporary Structures.

I come to deal now with standard wooden bridges, embankments, steel and concrete bridges, Mr. Berry appears to have left out nothing, and I quote Mr. Berry again. Mr. Berry speaks of these very modestly, and hon. gentlemen will see that he does not know the conditions under which the contract with the Grand Trunk Pacific was made, or the conditions under which they are to take over the road. It will be evident, when I read his opinion to the House, that he has not taken that into consideration:

Standard Wooden Bridges, Embankments, Steel and Concrete Bridges.

(54) Under this heading the Investigating Commission make some deductions that are debatable.

(55) As stated before, the expense of operation of a line must be considered as well as the first cost where cheaper transportation facilities are desired. This point is put aside by the Investigating Commission. On page 78 of the report they state as follows:

(56) By reference to the contract with the Grand Trunk Pacific it will be found that trestle repairs and protection against fires and renewals on account of fires come within the cost of maintenance to be borne wholly by it, so that their maintenance does not figure in the ultimate cost to the Government.

(57) The statement as given is true, but the maintenance does affect the cost of transportation and must be considered in this case, where the object of the line is cheaper transportations.

(58) It might have been very poor policy to have built the line using wooden trestles across the heavy fills and deep ravines with the idea that in the course of time these structures are to be replaced with steel structures or with masonry embankments.

(59) The expense of maintaining these trestles is high. The cost of fire protection is also heavy and even with the right of way kept clear of combustible material the fire risk from cinders dropped from locomotives is still great.

(60) The suggestion of having watchmen at such structures would add greatly to the cost of operation. Without watchmen there would be the constant danger of fire destroying the structures, with a serious interruption of the traffic on the transcontinental line until the structures could be replaced.

(61) The Chicago, Milwaukee and Puget Sound railway built long and high trestles in many cases in order to expedite the work but began at once to put in permanent structures and fill up his class of structures as the risk was too great to attempt to carry these structures until worn out. This is good practice on a line of this character. The only question is whether it costs less to have the work done by the contractor at the time of construction than to have it done by the railway company on taking the line over for operation.

(62) Were the Grand Trunk Pacific Railway allowed to do this filling, good practice would demand that they begin the work of replacement at once on taking the line over for operation and prosecute it diligently until its completion.

(63) It is difficult to determine whether this would be the most economical; section 224x of the specifications provides that the cost of temporary trestles is included in the cost of train hauled filling. Were the railway company to do this filling the cost of the standard pile bridges or trestles should be added to the cost of filling at 25 cents per yard to determine the total cost of the work, and it is questionable in some cases whether it would not have exceeded the cost paid to contractors.

(64) The consideration of interest for the excess cost for seven years is not right, since the customary practice on other leading roads does not allow the maintaining of such structures in territory of this character, until worn out.

(65) This saving that the Investigating Commission claims would have been made by the use of timber bridges and trestles is defective in that it is based on the difference between the actual cost of the work done and the estimated costs by the engineers' for the trestles. One has only to refer to pages 25 to 53 of the report to see that the engineers' estimates are an unsafe thing to go on since the actual costs exceed the estimated in some cases, one hundred per cent.

(66) From exhibit 22 of the report, taking the actual cost of present filled and structures, \$7,554,758 and allowing four per cent per annum interest for two years, assuming that the Grand Trunk Pacific would require that length of time to have replaced the proposed trestles, the total cost with interest would be \$8,159,139. Taking the engineers' estimates of cost of trestles with interest for two years as above would have made a total of \$2,440,122 to which add the engineers' estimates to make permanent would give a total estimated cost of \$6,460,179. The actual cost exceeds the engineers' estimated cost about twenty-seven per cent, but the engineers' method of estimating are subject to question, and it is doubtful whether much saving would have been made, had the trestles been built and the work afterwards completed by the Grand Trunk Pacific railway promptly as good practice would suggest.

### **Would Have Cost Millions More.**

This is a statement on these three points by an undoubted authority, who says that taking into consideration the offer of the Grand Trunk Pacific to build these trestles at twenty-five cents per yard, even then he doubts whether it would cost less than having the filling done now. But, I will give the House an answer which is stronger than that. This company would undoubtedly not have taken over the road as completed with wooden trestles. I think no person will question that; under the lease, I mean. What would that have meant? Mr. Berry says it would probably take two years to make fills, and that means that the seven years' period, on which the rental will begin, would have been pushed forward two years. And this country, in order to save, even giving them their figures, \$2,900,000, would have paid interest on \$181,000,000 for two years. Figure it up as you like, and there is a saving of several millions besides the good railway practice of putting in steel structures and fills at the present time.

### **Highest Standard In America.**

I might go more strongly into this, and point out that Sir Richard McBride, in order to get rid of grades and curves on the Canadian Northern, is giving a large amount of money, and this Government it is said is going to help, one of the reasons being that the road is going to be of a higher standard than was anticipated. Here is the Colonist of Victoria, B.C., showing all the grades of the roads that might compete with the Canadian Northern, and it only makes one error in using the word 'maximum' grade, to show that the Canadian Northern grades are lower than those on the Grand Trunk Pacific.

'Maximum' means the highest point. At one point in the Rocky mountains, the Grand Trunk Pacific has a steeper incline than the Canadian Northern railway. But that is provided for by the pusher grade of twenty-one or twenty-two miles; and consequently the ruling grade against eastbound traffic, even in the Rocky mountains, is



four-tenths of one per cent, and against westbound traffic, six-tenths of one per cent; and that, I say without the least fear of contradiction, is the lowest ruling grade on any transcontinental railway in America now existing or projected.

### **As to Freight Sheds and Stations.**

Before I come to one other question, I want to deal with the question of freight sheds and stations. I wish to answer an assertion of the commissioner-counsel, or counsel-commissioner. That assertion is that this line is being built in the wilderness and consequently these stations and freight sheds are too good—intimating that there will be no traffic along the Transcontinental line. Where is the man from the province of Ontario who will say that there will be little traffic along the Transcontinental line? He is not on this side of the House, and he is not on the other side. The men from Ontario know that this Transcontinental line not only runs through a portion of wooded country that is very rich, not only skirts a rich mineral country, but traverses a belt of clay land equal to the best land that lies out of doors anywhere in the world.

**The Minister of Lands and Mines for Ontario (a Conservative) says local traffic on G. T. P. will be big in a short time.**

Now, for fear there might some opposition from my hon. friend from North Ontario (Mr. S. Sharpe), I want to give him some real good authority for this statement. There is a gentleman, an able man, who is a member of the present Ontario Government; Hearst is his name, and he is Minister of Lands and Mines. He is an authority on northern Ontario, as he is the minister representing that district. I shall read to the House just a few lines of what Mr. Hearst says as a complete answer to those who say that we ought to have cheap stations such as they used to have on the Canadian Pacific railway when it was first built, and small freight sheds practically like those on the colonization roads. Now, Mr. Hearst's statement will show that in a few years, in the province of Ontario at least, there will be a wonderful local traffic developed on the Transcontinental railway, requiring good stations and freight sheds. Mr. Hearst spoke at a meeting held on the 5th of March, 1914—not very long ago. Yes and it was at Ward 5 Conservative Association, Toronto, right amongst the men who, if they believed this report could not have believed Mr. Hearst's words:

The most insistent fact brought out by the Hon. W. H. Hearst in his reply to the toast of 'Northern Ontario,' proposed by Mr. E. W. J. Owens, M.P.P., was the fact that the Transcontinental railway ran through the best agricultural land of northern Ontario. The minister stated that he had just received a letter from a person who had invested his money in Saskatchewan, who declared, after travelling along the line of the National Transcontinental railway, that he had never seen such land as that through which the railway ran.

I believe said Mr. Hearst, 'that the land there is better than the land out in the west.' He stated that the depth was practically without limit. The minister gave a resume of the work done by the Government in opening up the north lands, and stated that the land in the Rainy River district had risen in value from \$1.50 per acre to \$5 and \$10 per acre on account of the roads constructed there.

## **A Slander on Ontario.**

Now, I ask hon. members from Ontario what stock they will take in this criticism that the Transcontinental Commission built stations of too high a standard, built freight sheds of too great capacity, and should have built them smaller. In this report the commissioners even have an exhibit to show that, with a small station built, the Grand Trunk Pacific declared that it was not big enough for the purpose and compelled them to build another. And they have put in that exhibit to show extravagance. I say, it shows the second thought was best; and, as a man from Ontario, I resent the imputation that there will not be traffic along this line, for it will develop a great local traffic, and that very soon—and I refer to Mr. Hearst in support of that assertion.

## **Engine Houses.**

Now, I want to deal with the engine houses along the same line. I am not going to criticise anybody whom these commissioners selected to advise them, but I wish to call attention to one thing, and that is, so far as I can find, no expert opinion was used in this entire investigation but that obtained from a present or past employee of the road which has loaned Mr. Gutelius to the Government. In this question of the engine houses, they selected an old friend of my own, Mr. Thomas Tompkins, who gave them an opinion as to the cost of these engine houses and what the cost should have been. Mr. Thomas Tompkins, I suppose, has not built an engine house in twenty years—a good contractor when he was at it, but, like some of the rest of us at our several employments, has not been at it for a long time. It would be just reasonable for me, having set type some twenty years ago, to try to pose as an expert on setting type as for Mr. Thomas Tompkins at the present time to pose as an expert builder. I say that without disrespect to Mr. Tompkins. He constructed certain buildings along the line of the Canadian Pacific railway many years ago and I think I am safe in saying, having knowing him intimately, that he has not built anything for the Canadian Pacific railway in fifteen years. These engine houses, he says, cost too much, and he gives the figures. I do not want to go into that, but I wish to give the conclusion of his own letter about engine houses:

I find that these sums mentioned above are over thirty-three per cent in excess of what these buildings have cost at points on the Canadian Pacific railway along the north shore of lake Superior.

## **G. T. R. Engine Houses built cheaper than were the Engine Houses of the C. P. R.**

Some of these buildings were constructed for the Canadian Pacific railway when material, labour and everything that enters into their construction cost only half as much as to-day. And I say, if these engine houses cost only 33 per cent more than the Canadian Pacific railway engine houses cost years ago, they were built more cheaply than were the Canadian Pacific railway engine houses.

## **A Business Proposition.**

Another question is brought up in this report, and that is that tenders

were not called for the building of these engine houses. When the contracts for the construction of the railway and grading were given, who knew where the engine houses were going to be? Neither the contractors nor the commission knew. But in every contract there was a statement that the schedule prices in that contract should apply to everything, including engine houses. Cement, for instance, which enters largely into the construction of engine houses, was to be supplied for engine houses, if the commission saw fit to make the contractor build the engine houses at these prices. What are the conditions? I leave it to any business man. The railway contractors had control of all the transportation along the line. These lines were under contract and under construction. The contractors could carry the material cheaper than any one else, and they could control it. But, conditions having changed somewhat, the Transcontinental Commission said: It does not now cost you so much to carry the materials for your engine house as it did to carry the material for the road, because you have your line to haul it on; you must, therefore, bring down your prices. The engineer of the Transcontinental Commission, the engineer of the Grand Trunk Pacific railway and the engineer of the contractors got together and made a bargain, which was the sensible thing to do, that these contractors should build the engine houses, and they built them at lower schedule prices than appear in the contract made by the contractors for the line. It was a matter of pure business; it was what would have been done by any business man in this House. The building of these engine houses in a complete way should have been not criticised but commended.

### **Cap Rouge Viaduct and Caisson Work.**

I want to take up for a moment what is known as the Cap Rouge viaduct, in respect of which a suggestion has been made by the commission that the road should have been built cheaper. The original plans called for what is known as open caisson work. I shall not attempt to describe it, but it is known that in this work the foundation is built on piles driven into the mud. When the contractor came to do this work he said: No, I will give up this portion of my contract because this will not be substantial work. They called in the engineers to discuss the matter. Caisson work is not ordinary work; you have to have experts to deal with it, as hon. gentlemen will find if they look into the construction of the Quebec bridge, where they had to get men specially versed in this kind of work. As a result of this step, the open caisson work, with its piles driven into the mud, where the tide, rising from fifteen to seventeen feet, would have washed the material away, were discarded, and automatic closed caissons with air-tight compartments and solid foundations were used. I say this was a proper thing to do; I would do it again, and, instead of a flimsy structure, would advocate a permanent structure of which the people may be proud and over which the Grand Trunk Pacific Railway Company need have no fear to run its trains.

### **Why a Pusher Grade was not Provided at La Tuque.**

Now, I come to La Tuque. The complaint is made that a pusher



engine was not used at La Tuque. I discussed that matter with the engineer, with the Grand Trunk Pacific Company and with Mr. Hays. It is said that at La Tuque we should have a pusher grade. It was a question of engineering. The estimated cost of a Pusher Grade was less than the estimated cost of a four-tenths grade. I was asked about it; Mr. Hays was asked about it; Mr. Butler was asked about it, and after consultation we decided that as we had told the country we were going to build, wherever possible, a four-tenths grade against east-bound traffic, we would stick to that, even if it did cost a little more money, and we did stick to it. Who has anything to say against that principle? Were we to deceive the people and stick in a pusher grade wherever it was convenient to do so? I say, no.

### **The Postmaster-General Buncoed.**

I wish the Postmaster General were in his seat, because he has been buncoed in this report. Let me show the House where and how. One of the reasons given by this commission why a pusher grade should be used at La Tuque was because there was one at the north end of the Quebec bridge. That is 126 miles distant. Let me show the fallacy, the utter unreasonableness and the misleading character of such a statement.

At La Tuque you could reduce the grade by removing the obstacle; at the Quebec bridge you could not. The Quebec bridge had to be built 150 feet above the water. The level of the Quebec bridge could not be brought down; the railway had to be brought up. You might have to go inland five miles in order to make a grade to overcome the height of the Quebec bridge. That was entirely unpracticable. What a fallacy it was to make a comparison between the immovable Quebec bridge height and the moveable La Tuque height. But here is where the Postmaster General is being buncoed: not one pound of freight from Quebec to the West or from the West to Quebec goes over the Quebec bridge. To put in a pusher grade at La Tuque would have been creating one more obstacle; this is just one little insidious deception which is contained in the report. I trust that after what I have said the people of Quebec will not be fooled by this comparison between La Tuque and the Quebec bridge.

### **The Government Does Not Believe It.**

I now come to subcontracts. The commission charges that the country lost practically \$8,800,000 by allowing these contracts to be sub-let. There is not a member of this Government who believes that part of the report. The acting Minister of Railways knows that that is pure buncombe, intended to deceive the public. In giving these contracts to large contracting firms we followed the policies of every big railway company on this continent. If these contracts had been given to small contractors who put up very little security and who failed in their work, the Government would not have had this road for five years longer. An army of officials to keep track of this work without uniformity, without centralized responsibility, is unthinkable among business men; the idea is being laughed at by every construction man on this continent. Let me point out what I mean. The

Canadian Pacific railway has a new line from a point west of Smiths Falls to Toronto. Did the Canadian Pacific Railway Company let the contract to small contractors? Not at all; they let practically the whole contract to one firm of contractors, who have sub-let the work to sub-contractors. The Grand Trunk Pacific has let work in the mountains to Foley, Welsh and Stewart, all now sub-let. The Canadian Northern in Ontario have let their work in large sections to big contractors, [and these big contractors sub-let the work every day. In no other way under the canopy of heaven could these great works go on except by selecting big, responsible contracting firms and holding them responsible, by deposit and through their plant on the ground, for the work being efficiently carried out; and any man who tries to make this country believe that sub-contracting was something wrong, by which the country lost money, is simply playing on the credulity of the people. Such a report is not believed by the members of this Government, not one of them. I am going to prove that they do not believe it.

### **Sub-Contracts now being given by Tories in Prime Minister's Constituency.**

From Deans to Dartmouth a railway is being constructed in the riding of the Prime Minister by M. P. and J. T. Davis. It is sub-contracted, and this Government, through the Minister of Railways will, pay for the entire road as it is a Government road. Every day the minister is recognizing sub-contractors under the name M. P. and J. T. Davis in the constituency of the right hon. the Prime Minister. I am not finding fault with that: I think that is right; but it is not right for a Government that is doing that to be spreading a report charging that another government had wasted \$8,000,000 in doing what they are doing every day. Let me take another instance: I will take even the Welland canal, not at railway at all.

### **Sub Contracts on Welland Canal.**

Contracts which were let a few weeks ago have sub-contractors on them now, under the chief contractors, and it is let in large section too. What has my hon. friend to say to the report on sub-letting? He does not believe this twaddle. No member of the Government does.

### **Sub Contracts on Hudson Bay Railway.**

I have dealt with some companies and some of the acts of this Government, and I was going to take one other work of this Government. The two last sections of the Hudson Bay railways were let by this Government to J. D. McArthur. It was a very large contract, up in the millions, and this work was sub-let by McArthur. I am not criticising that at all. It is the only possible way in which great works can be carried on, but I am saying that it is not fair for a report to be circulated charging the previous Administration, or the late commission, with wasting \$8,000,000 through sub-contracting, when this Government is doing the very same thing in regard to the Hudson Bay railway.

## **Gutelius' report as Manager of Intercolonial directly contrary to his report on G. T. R. Commission.**

I have given a great many authorities on grades, some of them indisputable, and I am now going to give another authority that my hon. friend will not dispute. What does this report say in conclusion? Gutelius is now on his own stumping ground and sees through the spectacles of an operator of a railway, and not through the spectacles of a paid commissioner. He is dealing with his own line and not with the Grand Trunk Pacific. He expressed himself in very plain English. This time, undoubtedly, he has thrown aside the garb of commissioner; he wants what is best for the Intercolonial railway in order to make its operation easier and more profitable. On page 138 of the report he says:

This commission does not think that the National Transcontinental railway should have been constructed east of Lévis, which was done at a cost of \$35,000,00 first,—because the Government at that time had a railway in operation between Lévis and Moncton, the Intercolonial; second,—because the National Transcontinental railway would only be 33 miles shorter; third,—because the gradients on the National Transcontinental railway are greater than those on the Intercolonial railway; and fourth,—because the grades on the Intercolonial railway can be reduced to four-tenths per cent Eastbound and six-tenths per cent Westbound, whereas it is practically impossible, according to the construction of the National Transcontinental railway, to reduce the 1.10 per cent grade at 146 miles west of Moncton and the 1.10 per cent grade at lake Pohenagamook.

I made the statement that when Mr. Gutelius became an operator of a railway he said that this money should have been taken to bring the Intercolonial railway up to the standard of four-tenths and six-tenths. He does not say virtual four-tenths and six-tenths, but real four-tenths and six-tenths, thus answering every argument in this report in favour of the degrading of the Transcontinental railway, or against keeping it up to its high standard.

### **From Another Angle.**

Before I leave the question of grades, I want to ask the Government and the members of this House to look at the question of velocity grades from another angle. I stated yesterday what is an evident fact that there is a difference of opinion as to the practicability of velocity grades, particularly in a country like ours. The Maintenance of Way Association of America, composed of the chief engineers of the great railways and members of the engineering staffs, have intimated that the introduction of velocity grades in the construction of a new line ought to be practiced only under very extraordinary circumstances. There are authorities both pro and con, but I think that the most eminent authorities are against velocity grades in the construction of new lines and in a country where we have snow and frost to the extent that we have in this country.

For a moment I want to ask the House to view this matter, so far as the Transcontinental railway is concerned, from another standpoint. Granted that there is disagreement of opinion, there can be no dispute as to whether a four-tenths or a six-tenths grade is equal to a velocity grade. No engineer or operator will say that a velocity grade line is superior to a level line; many of the most eminent au-



thorities do say that a velocity grade line is inferior to a level line. That being true, why should the Government, when the country is expending so many millions of dollars in this direction, substitute a policy in respect of which there is grave disagreement for a policy on which there is absolute agreement, particularly when the line is nearly finished? Would any business man take such a course in his own business? At least there is no dispute as to the equality of the level line with the velocity grade line; there is a disagreement as to whether the velocity grade line is equal to the level line. Therefore I say it is poor judgment, it is not good business, to accept that policy upon which there is grave disagreement and to substitute for it a policy upon which there is no disagreement whatever.

### **A Libel on Honest Men.**

I want for a moment to refer to the last clause of this report—and here, I think, we find a condensation of the views of the commissioners. I submit to this House and to the country that the statement and the criticism found in this clause are unwarranted, and, to put it mildly, a most egregious blunder so far as the Dominion of Canada is concerned. Leaving out, for the moment, every other consideration, I say that this attack found on page 12 of the commissioners' report is absolutely unwarranted and may be fraught with grave results to a great national undertaking, to a company now engaged in completing a great national undertaking, and that that result will indirectly reflect upon the business of Canada and upon the standing of Canadian enterprises in the financial markets of the world. This is the clause to which I refer :

We find that the Transcontinental Railway Commission, the Grand Trunk Pacific Railway and those having charge of the construction of the railway did not consider it desirable or necessary to practise or encourage economy in the construction of this road.

What does that mean? It is charged that the Transcontinental Railway Commission was derelict in its duty—was extravagant, I dealt with that yesterday at some length, and I am not going to deal with it again; I think I answered that charge very well. Then, the commissioners implied that every man on the engineering staff, every individual connected with the construction of the road, considered it neither desirable nor necessary to practise or encourage economy. Does any one imagine that the people of Canada will believe that sweeping assertion made against men who have spent the whole of their lives in the service of the public? I refer not to members of any particular party; I refer to eminent professional men. This assertion on the part of the commissioners means that every engineer on the line who was engaged in the supervision of construction did not find it necessary to be honest, and thought it wise to be extravagant. I am not going to take up and present to the House the names of these gentlemen, but I do say that there are on that staff men of as high ability as will be found anywhere on this continent; men whose honesty at least cannot be challenged by any living soul. Yet the commissioners make the sweeping assertion that all these men practically conspired to neglect their duty. I say

that if we had nothing more, these words are in themselves a refutation of the reliability of this report. The judgment of the public is generally very well balanced, and when men go so far, be they commissioners or any other persons, as to make a sweeping charge, without one iota of foundation for it, against men whose reputation has hitherto been unimpeachable, they condemn their own utterance; the people will take no stock whatever in their assertion in that respect, and, not takings stock in that statement, will discount every other assertion such men may make.

### **An Indefensible Outrage.**

I do not need to defend the professional gentlemen who are engaged in this work; they are well known, but I come to another thing which I think is absolutely an outrage—and I use the word advisedly. It is found in these sentences:

We find that the Transcontinental Railway Commission, the Grand Trunk Pacific Railway, and those having charge of the construction of the railway, did not consider it desirable or necessary to practice or encourage economy in the construction of this road.

What does that mean? It means that the commission appointed by this Government publicly charge, in a document being circulated throughout Canada, that the Grand Trunk Pacific officials in Canada conspired to defraud the Grand Trunk Pacific Railway Company. Is there any substantiation for that charge, which is one of the gravest made in this country for many years? I say there is no substantiation, there is not the shadow of substantiation for that charge. Mr. Hays, who in his time was one of the ablest men at the head of any railway in this country, and Mr. Chamberlin, his successor, are, without any evidence, charged by Mr. Lynch-Staunton and Mr. Gutelius with not thinking it desirable to practise economy in the construction of a line which they were going to operate, and on the cost of which they were to pay interest. It is inconceivable; it is unthinkable that men should make such a charge and place it not only before the people of this country, but before the financiers of the old land as well, who are being asked for money to carry on this great project. I ask hon. gentlemen who are connected with companies of any magnitude what they would think if such a charge were made against them? They would demand absolute proof, and if this were not furnished, the men who made the charge would suffer the consequences. I say this matter will never be complete until the gentlemen who made this report are compelled to substantiate that charge against the Grand Trunk Pacific, or retract it on behalf of the Dominion of Canada. Is it an attack on the Grand Trunk Pacific Railway Company only? Not at all. Even that is serious enough.

### **Reckless Disregard For Canadian Industries.**

At the very time when the financial situation in Canada is tense, when some of our great industries are finding it difficult to finance their transactions and carry on their undertakings; when the weak ones in the industrial world are being crowded to the wall; when capital is exceedingly sensitive and it is difficult to obtain it, even on

good security, this charge is hurled headlong at a company which is linked up with the Dominion of Canada in a great enterprise. That charge against this company is a charge against the Dominion of Canada and the way it manages its affairs. What will the Finance Minister think when he goes to the old land and that charge meets him? What will representatives of industrial concerns think when they go to the old land, as some of them have done, and are met with this unfounded charge against this company? The men against whom these charges are made are well known in the old land; they are men of probity, men of means, men of high standing, and I say it is a most serious thing that this charge should be placed before the public on the streets of London, as it has been, and in the offices of some of the leading financial men. This Government has a duty which is as clear as the noonday sun, and that is, on behalf of the Grand Trunk Pacific Railway Company and on behalf of the good name of Canada, to repudiate the charge which has been made against that company and which has not one iota of foundation. This unfounded charge has had its influence. Men are out of employment in one of the big cities of this Dominion on account of the publishing of that unfounded report. Some of the leading men of Montreal, close friends of the Prime Minister politically and personally, have no hesitation in saying that this attack is unwarranted, should not have been made, and will injure the Dominion of Canada if not repudiated. And it does not take much intelligence to see that that is the case. I am making a strong plea, Mr. Speaker, on behalf of Canada and this great transportation company under the present financial conditions. The Government may do as they please about the party charges, these are in the political arena; but in the interest of Canada, in the interest of our great industries in Canada, in the interest of this great enterprise the Government ought to repudiate that unfounded charge against the Grand Trunk Pacific railway. Every country has what are known as wild cat projects. They find their way, through their prospectuses, into the money markets of the world. Often the financiers are deceived and bitten. They have been warned from this side of the water many times to beware of the gilt-edged and gold-lined prospectus and we are not anxious as to results to these financiers if they dip into these get-rich-quick schemes.

### **Canadians Honest—and Industries Sound.**

But on behalf of the Dominion of Canada I want to say, and I feel I have a personal responsibility in saying it, that, in the main, the industries of Canada and her great enterprises are sound of heart, that the financial institutions of the old land are perfectly safe not only in continuing but in increasing their investments in Canada, so long as they investigate thoroughly before they go into these investments. We have in this country great industries. We have great enterprises that are going to the old land very day asking for financial aid; and what we in this House ought to do, and what is the duty of the Government above all, is to see that the legitimate enterprise is protected and that the legitimate borrower is not deprived of his rights



by any false reports such as the one before me. I am speaking thus strongly because the matter before me has been pressed on my attention during the last few weeks by many prominent men who have no sympathy with the Liberal party whatever; but they feel that a great error has been made in the present financial situation, at least in allowing a report of that kind to be spread broadcast not only throughout Canada but throughout the old land and throughout the United States, where it is having the effect and must have the effect of injuring the credit of Canadian industries and Canadian enterprises unless the Prime Minister of Canada, in the words of an eminent statesman, is honest enough to be bold and bold enough to be honest and repudiates at least that part of this report. I am not pleading at all that he should repudiate that part of the report in which attacks are made of a political nature; we will look after them ourselves in the country. But I am asking him, on behalf of the industries of Canada, on behalf of the borrowers of Canada and on behalf of the Grand Trunk Pacific railway, not to allow his Government to be tied up to such a report as that, because the injury to Canada from such a report cannot well be estimated.

### **Another Deception.**

Now, I come to the actual cost to the country. I must again protest against the typewritten report sent out to the newspapers of the country which also, in this case, was a bit misleading. Under head-lines already prepared, this item was sent to the press. The sending out of this item synchronized with the laying of the report on the table.

Assuming that the Grand Trunk Pacific Railway Company will commence to pay interest on the cost of construction in 1922, the road will have cost the country, for principal and interest, \$234,651,521. This amount has been arrived at by calculating the interest on the amount expended during each year from the end of the year up to the end of 1921.

These gentlemen are not as fair as my hon. friend the acting Minister of Railways. You see now the false impression—just really to show the trend of this whole thing. This report as sent out, neglected to state that the compilation was arrived at by a computation of compound interest, not simple interest. It makes quite a difference in the impression created in the public mind. The report says compound interest, but the item sent out to the papers leaves it to be understood that the amount was arrived at by the computation of interest in the ordinary way. The amount of interest that it will cost the country during the seven years of free rental of the line forms no part of the cost of construction of the line, everybody agrees with that now. The payment by the country of the interest on the amount the Grand Trunk Pacific would pay for the first seven years, were they not rental free under the agreement, has nothing whatever to do with the cost of the laying of the rails, with the cost of embankments, with the cost of construction, be it great or small. This investigation was to ascertain if there had been extravagance in the construction of the line, and the interjection of this dissertation as to what it would cost the country after the end of the seven years is altogether outside of the

instructions given that commission, because it forms no part, directly or indirectly, of the cost of the construction of the line. This amount of the rental for seven years was really a subsidy given to the Grand Trunk Pacific railway, nothing more, nothing less; a subsidy equal to a good many million dollars in cash, it is true, but a subsidy nevertheless. It is a part of the agreement with the Grand Trunk Pacific and has nothing whatever to do, directly or indirectly, with the cost of the construction of the line. But if that be true and it is a subsidy what earthly excuse is there for the commission computing interest on a subsidy? We have given millions to other railways. We are giving subsidies every year. Now, has any person ever thought that, in order to find out the amount of subsidies we have given to the Canadian Northern railway or the Canadian Pacific railway, we should compute compound interest from the day we gave it until the present? That is what has been done by this commission in this report referring to the National Transcontinental railway.

### **Attempt To Deceive.**

It shows a total unfairness and a desire to treat this enterprise on an altogether different basis from any other enterprise of this kind that the Government has ever aided. I shall make a computation from which I think the Government will see the unfairness and the foolishness of this commission endeavouring to lead the people to believe that interest ought to be computed on what was really a subsidy.

In 1885 the Canadian Pacific railway handed back to the Government certain lands for which they received cash to the amount of \$10,198,520.23. This decreased the land grant but increased the cash so that up to 1887 the Canadian Pacific railway had received in cash \$72,000,000. Mark you, \$72,000,000, in cash or its equivalent. Does any person say that the Canadian Pacific received \$72,000,000 with compound interest added? It stands in the books of the Government, in the Auditor General's Department, at \$72,000,000; but calculating it as these commissioners insist upon doing, and adding compound interest for thirty years at  $3\frac{1}{2}$  per cent, we should find that the Canadian Pacific railway up to 1917 will have received in cash, and railways constructed and handed over, \$202,089,110. I have just as much right to say that at the end of that thirty year period the Canadian Pacific railway will have received \$202,000,000, as this commission has to say that the Grand Trunk Pacific will have received this amount, plus the compound interest. This is the first time in the history of Canada that compound interest had been added to the subsidy given to a railway when endeavouring to show what aid that railway has received.

### **What Other Railways Have Cost.**

Let me now make a comparison between this railway and some others. Considering the difficulties under which it was constructed, the country through which it runs, the exceedingly high cost of labour and material and the high standards of the road. I assert that the Transcontinental railway has been constructed as

cheaply as any line on the continent of America during the past ten years. There is no line like it, so far as standard is concerned, so no real comparison can be made. I wish to give the capitalization of some of the leading railway companies. The first companies I shall deal with, I am introducing as a matter of information to the House and not for a purposes of comparison, because they have two, three, or four tracks, very expensive terminals and all that kind of thing, but I thought it would be of interest to the House to know the cost of some of the large railway companies on the other side of the line. The Pennsylvania road is capitalized at \$371,023 a mile; the New York Central \$418,370 a mile; Lehigh Valley \$437,643 a mile; the New York, New Haven and Hartford \$187,426 a mile. Now we come to two roads that might fairly be compared with the Grand Trunk Pacific, although they are not up to its high standard: The Union Pacific is capitalized at \$150,925 a mile; the Southern Pacific \$142,360. For the information of the House, I might give two or three other figures in regard to the capitalization of these roads. The first four roads operate in the eastern and central States and their capitalization is therefore high, but the average capitalization of all the railways of the United States in 1911—the most recent statistics available—was \$64,000 per mile. That includes every little branch line, and every cheap line constructed at a cost of \$15,000 or \$20,000 per mile. None of the lines in the western States can begin to compare with the Grand Trunk Pacific for standard. The average capitalization of all the eastern lines in 1911 was \$167,885 a mile, and of the western roads \$73,000 a mile. While the average capitalization of all the western roads in the United States, including the cheap, prairie or colonization road, is \$73,000 a mile, the cost of the Grand Trunk Pacific from Moncton to Prince Rupert, with its high standard and equipment will only be \$85,000 a mile.

### **Cost of Canadian Roads.**

Let me give some figures of Canadian railways. The Grand Trunk railway is capitalized at \$133,939 a mile. That is a very high capitalization and I gave one reason for its being high yesterday; that the road was built cheaply, as some hon. gentlemen wanted to build the Transcontinental. As a result great portions of the road have been abandoned altogether, millions have been spent in reducing grades, and millions more will be spent in bringing the road up to a high standard. The money invested by some of the original shareholders stands to-day without a cent of dividend ever having been received, and probably will for many years to come, if not for all time. One of the reasons for that, is that wisdom was not shown in the original construction of the Grand Trunk railroad.

The Algoma Central railway, which runs through New Ontario, has a capitalization of \$152,891 a mile; the Canada Southern \$99,000 a mile; I now come to Canadaian Pacific railway. I have two reasons for taking this railway: one is that the railway is one of the best managed transportation institutions in the world, and perhaps one of the largest. It is the railway to which Mr. Gutelius looked for guidance or for comparisons in his investigation. I take the



Canadian Pacific railway because it is practically the only Canadian road from which we can get the information I desire. The Canadian Pacific railway, it is true, gives its capitalization as \$46,000 a mile, but no person for one moment thinks that is all the Canadian Pacific railway cost. The Canadian Pacific railway received from the Dominion of Canada many gifts, and the proceeds of at least some of these went into the construction of the road, or if not, the Canadian Pacific railway is not playing fair. But it is playing fair in that respect. Let me read what aid the Canadian Pacific has received:

Cash aid, Dominion.....	\$ 29,944,660
Cash aid, provinces.....	412,878
Cash aid, municipalities.....	464,761
Lands handed over at cost.....	37,785,320
Value of land, put at \$5 an acre.....	174,081,010
Total.....	\$242,688,629

That total, figured as this commission figures, would be swelled to \$500,000,000 by adding compound interest up to the present time.

The capital of the Canadian Pacific railway on June 9, 1913, was, according to their own statement, \$455,276,084. That makes a total of \$697,964,713, or a capitalization spread over the whole system of \$70,437 per mile. But, sir, I might add that this is not all that the Canadian Pacific railway got or all that they should have put into their line. I think that \$5 per acre is perhaps too large a sum in that calculation.

An hon. MEMBER: No, it is not.

Mr. GRAHAM: Perhaps it is not. That is the calculation I made. Then, it is well known that the Canadian Pacific railway stock to-day does not sell at par, even when distributed amongst the original shareholders, but that for every hundred dollars charged to capital the company has received \$175. During recent years it would be unfair to say that the capitalization, even taking my figure of \$70,437 per mile, at all represents the amount that is in the road, or ought to be, because for the stock sold they got \$175 a share.

Then, there is another point. This includes all the branch lines, some of which did not cost \$12,000 per mile, some of which were laid with iron rails, some of which were laid practically without ballast in the prairie country, and these are all included in this capitalization. Strip the main line of the branch lines and there would be at least from \$8,000 to \$10,000 a mile to add to the capitalization of the main line. That is a very mild estimate. My hon. friends behind say that I should place it at twice that amount. Well, put it at \$10,000 and you have \$80,000 per mile as the capitalization of the Canadian Pacific railway without the 75 per cent premium.

But there is something further. During the last few years the Canadian Pacific Railway Company have expanded out of Railway earnings on that line and other companies, at least \$100,000,000 in betterments that do not appear in the capital stock at all, and which they could not spend in the way they did under the Inter-State Commerce Commission. I am not criticising the expenditure, as it was probably good business. But that ought to be added to the capitaliza-

tion as well. If you take this into consideration, the capitalization of the Canadian Pacific railway would be much higher than the cost of the Transcontinental railway per mile from Prince Rupert to Moncton and the Canadian Pacific railway is not, and on account of its position, never can be a road equal to the Transcontinental.

### **The People Do Not Own a Foot of the C. P. R.**

The people do not own one foot of it and will never get any rental in the way of interest or from any investment they have in that road. I want to make another calculation, but lest there might be some mistake, I am not going to make it myself. I want to allow some other person to make it for me, in whom, I think, the Solicitor General has more confidence than he has in me. I think he had a good deal in me at times. I am going to ask you to take the figures given to this House by the Finance Minister of Canada. In speaking in this House on June 3, 1913, in support of aid to the Canadian Northern, the hon. the Finance Minister (Mr. White) said this:

What did the Canadian Pacific railway get? They got \$25,000,000 in cash; they got 25,000,000 acres of land which have turned out to be worth a greater sum than the capital stock of the Canadian Pacific Railway Company. I shall not take it on the basis of to-day's value; I shall deal with it on the basis at which it was deemed proper it should be taken at that time. The 25,000,000 acres of land were stated to be worth from \$1 to \$1.50 an acre. With the development of this land, which has been brought about not only by the Canadian Pacific railway, but by all these other railway companies which have been built, it has turned out to be worth a sum in excess of \$250,000,000. What else did they get? They got in addition to that 700 miles of completed line of railway from Prince Arthur's landing to a point west of Winnipeg, 500 miles; and from Port Moody east through the Fraser canyon, 200 miles. They got all these grants from the Dominion Government in consideration of their undertaking to build the line. What would that subsidy amount to at that time? It is the very opposite of an extreme statement to say that the cash subsidy given to the Canadian Pacific Railway Company in consideration of building the line would run at least to \$25,000 or \$30,000 per mile upon the part of the line which they constructed.

### **Hon. Mr. White Says his Estimate is Moderate.**

The Minister of Finance himself said this; it is a most moderate estimate, but I will take it for my calculation. Thirty thousand dollars a mile on the part of the line which they constructed, roughly speaking would be from \$22,000 to \$25,000 a mile on the balance of their main line. And mark you, Mr. Speaker, that on some of the lines at this end of the main line, subsidies were given under other names to what is now the Canadian Pacific railway, which do not appear in these figures at all. The Canadian Pacific railway got the benefit of these subsidies in taking over these roads. Forty-six million dollars practically, capitalization; \$25,000 per mile, would make about \$71,000 a mile, calculated by the Minister of Finance himself. But add to that the enhanced value of the main line by cutting off all the branch lines and the cheap lines, and you have at least \$10,000 more per mile, to put it very mildly. There you have \$81,000 a mile. And, if to that we would add the premiums they received on stocks; if to that we would add the hundreds of millions dollars they have expended in betterments, out of revenue from the

Canadian Pacific railway and from other companies, we would have a capitalization far and away in excess of the cost of the Transcontinental railway from Moncton to Winnipeg.

Mr. EMMERSON: And you have not calculated in that the exemption from taxation and customs duty.

Mr. GRAHAM: Yes, there are other items in the agreement with the Canadian Pacific railway which are not calculated in this at all. After figuring all that, we come again to this point: that, having a road of a higher standard that has not cost any more than the Canadian Pacific railway, we own 1,804 miles of that road, and we own not a foot of the Canadian Pacific railway.

### **Exception From Rent is a Subsidy.**

I want to clear up another point which has been raised, and that is as to what was meant by the free rental period of seven years given to the Grand Trunk Pacific Company. I say it was a subsidy pure and simple, and should be treated like every other subsidy. It should be treated as an outright gift on which no interest is to be calculated, as no interest was ever calculated on any subsidy given to any other company. I am going to ask the House to take a leading authority for this opinion also. Speaking of the Transcontinental railway in this House, a gentleman named the Hon. Mr. White, Minister of Finance of Canada, said:

The Government of Canada undertook to build that line (the Transcontinental), and from the day it was undertaken by the Grand Trunk Pacific Railway Company, their interest ceases for seven years. The Dominion of Canada loses three per cent upon \$175,000,000, and money is worth more to-day to the Dominion of Canada than three per cent. But take it on that basis, and you have a direct subsidy to the Grand Trunk Pacific Company of \$5,000,000 per annum, or \$35,000,000 for seven years.

The Minister of Finance of Canada, in his statement before this House, treated the seven year rental free period of the Grand Trunk Pacific Railway Company just as I have treated it, namely, as a subsidy, and there is no other fair way to treat it in comparing it with subsidies to other companies.

### **Can be Operated at a Profit.**

Some gentlemen have said that owing to the high cost of this road it would be impossible to operate it at all; others have said it could not be operated at a profit. We were told by the acting Minister of Railways that it would be a burden on the people. I pointed out last night that the head of the commission, Major Leonard, who is building this so-called burden on the people, said it is not a burden on the people at all, but an asset. I can place before the House a few figures that will show, that with the estimate of traffic, given by Mr. Tye himself to this commission, trains can be operated from Winnipeg to Moncton, not only to pay the running expenses, but at a small profit, or at least some profit to the Grand Trunk Pacific Railway Company. That is, if the standard of the road is placed back where it was in 1911. Mr. Tye, in his evidence before the commission, gives an estimate of the probable traffic to be expected between Winnipeg and Quebec. This estimate is very conservative, but it



will answer the purpose. As Mr. Tye gave no estimate east of Quebec, the same number of trains per day has been assumed between Quebec and Moncton as between Quebec and Cochrane, namely five per day. This gives an average for the whole line from Winnipeg to Moncton of 8.5 trains per day, including trains both ways. Mark you that is the estimate of what the traffic will be 7 years hence when the rental period begins.

### **Allowance for Local Trains.**

I want to explain here that local trains will interfere perhaps with the calculation one way or the other. There will be local trains from Cocharne east, and local trains perhaps from Cochrane west. On the Temiskaming and Northern Ontario there will be freight going west from there, and freight coming east, in, and down that line. They are not through trains but they are taken at an approximation and calculated as equal to through trains, by a practical railway man, and based on the figures given by Mr. Tye himself. Railway statistics of the United States and Canada indicate that a charge of \$1.65 would be an ample amount to allow as the cost of running a train a mile over this road, or a total charge of \$3,000 to run a train from Winnipeg to Moncton, or a total charge of \$25,500 to operate the 8.5 trains over the line each day. Over a road of this standard, an average of 1,000 tons per train is a conservative allowance, and I might say that these trains, if the road is left up to its standard, could carry 2,000 tons just as easily almost as 1,000 tons. Indeed, one of the standard locomotives could haul more than 2,000 tons, and 2,000 tons is a very moderate estimate, and Mr. Leonard himself put the estimate at 1,600 tons. For the purposes of this calculation, I will say that these trains would average 1,000 tons, and that makes a total tonnage of 8,500 tons per day.

### **Revenue and Expenditure.**

The latest returns of the Canadian Pacific railway show that the average gross revenue per ton per mile is in the neighbourhood of three-quarters of a cent per ton. As a considerable proportion of the transcontinental tonnage will be wheat, a lower average should be taken, say, one-half cent per ton, or \$9 to transport a ton from Winnipeg to Moncton. I want to explain that this is the average. There is much of the traffic that will pay a much higher average than that, and much of it will pay a lower rate. Grain, of course, will pay a rate very much lower than that while manufactured articles going west will pay a much higher rate. The Canadian Pacific railway receives about three-quarters of a cent per ton per mile, and this calculation is averaged on half a cent per ton per mile. This rate applied to the 8,500 tons handled per day gives the company a gross revenue each day of \$76,500. In this calculation I have not figured any passenger trains at all. But it may be well to be on the safe side, and say that the tonnage may not be this large, but the passenger traffic will certainly make up for any difference in that calculation, and the extra tonnage that can be drawn will again help to make up the deficiency. I believe the conclusion is a very moderate one. The following then is the situation:

Gross revenue to the company from operating 8.5 trains per day.....	\$76,500
Cost of operation.....	25,500
Interest charges per day, as per commissioners' report.....	14,800
Total charges per day.....	\$40,300
Net revenue per day.....	\$36,200

If you cut this calculation in two, and that is giving absolutely all the facts against the project, the company will still have sufficient money to pay the operation of the road, the rental, and will have at least \$18,000 a day left for other changes and expenses. That is for what the experts of the commission themselves estimate will be the traffic of the road at an early date; but when you take into consideration the traffic that must accrue from the West to the East and from the East to the West during the years that are to come, as the eastern and western provinces develop, as the northern part of the province of Ontario open up with farm houses dotted here and there, it is no mad proposition to say that in ten years the traffic of this line will be doubled and, instead of this line being a burden, in spite of all the pessimistic talk of hon. gentlemen opposite, it will be a profit-making line to the Grand Trunk Pacific Railway Company of Canada. I have thought it fair to go to the extent of working out this calculation with a man who has some experience in these matters, and I have based it on the figures given by the commission in order to show the capitalists of the old land that, when the Grand Trunk Pacific Railway Company ask for money, they are not being placed by the people of Canada in a position where they cannot earn interest on their indebtedness.

### Quebec, Halifax and St. John Being Deceived.

I want to turn to another phase of the same question. I am sorry that my right hon. friend the Prime Minister is not here. My conviction is that the Prime Minister of Canada and the city of Halifax; that the Minister of Marine and Fisheries and the city of St. John, and the Postmaster General and the city of Quebec, are being misled at the present time as to the benefits to be derived from the Grand Trunk Pacific by our ocean ports. I say that they are being misled and are taking it for granted that Halifax, St. John and Quebec under the present conditions will receive the benefits that they expect to receive from this great undertaking. I say that they may not. I will point out to my hon. friend from Quebec county (Mr. Pelletier), as I know he is interested, why I think so. I firmly believe that, when he considers this question, he will use his influence to see that the wrong that has been perpetrated on the city of Quebec, on the city of Halifax and on the city of St. John, as our ocean ports, is remedied without delay. How was it expected that with this railway we would be able, particularly at Halifax and St. John and I might also include Quebec, to compete with American ports. Not by building a road as good as any other road. That would not have the desired effect. To reach the American ports requires a longer haul than to St. John and Halifax. The object in building this road to such a high standard was that, by the superior standard of

the National Transcontinental railway, the difference in distance might be overcome. I discussed that question with the late Mr. Hays; I discussed it with Mr. Chamberlin and they assured me time and again that what they hoped to accomplish in making our Canadian ports what we all want them to be, could be accomplished only through having their road able to carry a bigger load than any competing road. I have discussed the question of grades. I want to point out again to the Postmaster General, to the Prime Minister and to the Minister of Marine and Fisheries representing these ocean ports that, to put it mildly, they are on unsafe ground in acquiescing in the changes in these grades. Last night I quoted as high an authority as there is on the continent of America on grades, and he distinctly says, on his authority as an engineer of great experience, that velocity grades on a new line and in our country are not to be depended upon for carrying the load that can be carried by a train loaded for a level line. He stated that most emphatically. If that is the case, if the people of the old land believe that—and this engineer is an influential man—they will at once say: Here is another instance why we should not give the Grand Trunk Pacific Railway Company money fully to equip and operate this line, because it is an inferior line according to the highest authority, and is not the line which they told us they were going to be able to operate so cheaply.

### **The G. T. P. Warned the Government.**

Mr. Chamberlin made that absolutely clear in a letter addressed to Major Leonard which I will read again. He had in mind the very matter, to which I have referred, that the only way to make these Canadian ocean ports a success is to have a road better than any other. He at once took exception to this Government changing or altering the grades on the National Transcontinental railway, which he had agreed to operate and which the country had agreed to build as he wanted it, so far as grades and curves were concerned: This is his protest:

July 18, 1912.

Major R. W. Leonard,  
Chairman, Transcontinental Commission,  
Ottawa, Ont.

Dear sir,—I learn from our engineers that the standard of work on that portion of the Transcontinental railway between Lake Superior Junction and Cochrane, which was at the out-set adopted and has so far been complied with, is being departed from, and that instead of four-tenths grade and permanent structures, you have authorized grades up to one per cent and the erection of temporary wooden structures. In regard to this I would call attention to clause 7 of this agreement of the 29th July, 1903, which provides that the work of construction of the eastern division shall be done according to the specifications approved by the company and shall be subject to the joint supervision, inspection and acceptance of our chief engineer and the chief engineer of the commission. I beg to say if this work is done in accordance with what I understand to be your recent instructions, it will not be in compliance with the agreement nor satisfactory to this company and cannot be accepted.

Sgd. E. J. CHAMBERLIN.

Within a very few months after this Government came into power, Mr. Chamberlin served them with notice that, if they changed the grades on this road, he would not accept the line. I should think



that in the face of that the Government would have hesitated long before they would have proceeded with changes on the work. Not only did they proceed with the change of grades west of Cochrane to which Mr. Chamberlin objected, but they introduced similar changes by the dozen between Cochrane and the city of Quebec. I was asked by an Ontario man whether I would do anything that would prevent traffic coming down the Temiskaming and Northern Ontario railway from Cochrane, and I said: I am not from the province of Ontario only; I am proud to be a resident and a native of the province, but when I am in the House of Commons I am from the Dominion of Canada. If that line were run through my own constituency, I would take the same view I do now. This is a great national undertaking for the people of the Dominion of Canada, and any effort made to cripple any part of it is not creditable to the men who make that effort. My desire is not to make an attack but to point out that Mr. Chamberlin, in so many words, informed the Government that if they made these changes he would not accept the road. He has never gone back on that notice, and the changes have been made.

### **How the Line has been Degraded.**

Let me read some of the changes that have been made west of Cochrane :

At mile 175, from station 1,784 to 1,817, there are 2,700 feet of .45 against eastbound traffic instead of four-tenths.

Then follows 1,000 feet of level and immediately 1,300 feet of .65 against westbound traffic, an increase here in the grades both ways.

At mile 177, station 1,876 to 1,889, there is 1,400 feet of 3-10 against eastbound traffic, followed by 1,000 feet of 8-10 against westbound traffic, another distinct increase in the grade.

At station 1,928 to 1,936, there is 800 feet where the 4-10 grade against eastbound traffic has been raised to .76, an increase of practically 100 per cent, followed by 1,600 feet of 6-10 grade against westbound. At mile 179 there is a siding. Some slight changes have been made at this point, but they are trifling. At mile 180, station 2,024 to 2,039, there is a stretch of 1,500 feet where the grade has been raised from 4-10 to .48 against eastbound traffic. At mile 181, station 2,104 to 2,115, the 6-10 grade against westbound traffic has been raised a trifle to .63. At mile 182, station 2,154 to 2,169, after 1,400 feet of level track, it is immediately raised to .75, which runs for 1,800 feet against westbound traffic.

A distinct violation of the agreement which will, if it means anything, increase the freight rates against the manufacturers of eastern Canada who want to send their goods to the West over this line.

Possibly that would not be a momentum grade. There is no momentum, as I gather from the profiles, to compensate for the rise in the grade from 6-10 to .75. At mile 183, there have been several slight changes from the original, introducing what the engineer call 'sags.' At mile 184, from station 2,261 to 2,265, after 400 feet of level there are 1,000 feet raised from 6 10 to 8 10 against westbound traffic. At mile 185, following 1,300 feet of .31 against westbound traffic, 800 feet were raised to 8-10. At mile 187, station 2,385 to 2,401, a grade of 4 10 against eastbound traffic was raised to .42 for 1,600 feet.

This shows that there seemed to be a desire to change the grade just a little. Not one farthing would be saved by such a slight change as that.

At mile 188, station 2,471 to 2,475, there is something over 500 feet of level, followed by 1,475 feet, and the grade was raised from 6-10 to 8-10 against west-

bound traffic. At miles 190 and 191, station 2,594 to 2,616, there is 2,200 feet of 4-10 raised to 7-10 against eastbound traffic. At mile 193, station 2,720 to 2,741, there is 2,100 feet of 4-10 raised to .62 against eastbound traffic, and at station 2,751 there is 1,000 feet of 6-10 raised to 8-10 against westbound traffic. At mile 194, station 2,760 to 2,770, the grade has been raised against eastbound traffic to 6-10. At mile 196, station 2,884 to 2,900 feet after 1,600 of practically level track comes 1,500 feet where the grade has been raised from 6-10 to 8-10 against westbound traffic. At mile 197 to 199, sags again have been introduced, as stated before, apparently to save a few loads of fill, without having any regard to the appearance of the road. At mile 200, station 3,090 to 3,110, after 2,000 feet of 4-10 grade against westbound traffic, the grade suddenly rises to 8-10 against westbound traffic for 2,000 feet. At mile 202, station 3,225 to 3,240 there is 1,500 feet where the grade of 4-10 against eastbound traffic has been raised to .51.

These changes west of Cochrane were made in the face of the protest of the President of the Grand Trunk Pacific Railway Company, and of a notice that if the changes were made the road would not be taken over by the company.

### **Will Send Traffic Away From Canadian Ports.**

I come now to the changes made east of Cochrane—and that this materially affects the cities of Quebec, St. John and Halifax, I say without any fear of contradiction. I will repeat in the presence of the Minister of Marine and Fisheries what I said when he was out: that the Minister of Marine and Fisheries in St. John, the Prime Minister in Halifax, and the Postmaster General in Quebec stand on very dangerous ground in allowing these changes to be made or to remain made in the grade of the line from Winnipeg east, because Mr. Chamberlin says that if they are left as they are he will not take the road. If he does take the road, the consensus of opinion of very good authorities is that he will never be able to haul as much tonnage per train as he could have hauled had the grade been left at the standard. If this contention be true, St. John will get little benefit from the Grand Trunk Pacific railway; if it be true, Halifax will get little benefit from the Grand Trunk Pacific railway; if it be true, the benefits expected by the city of Quebec will be largely diminished by the putting in of these grades. If it be possible that the power of haulage may be decreased, would it not be a safe thing for these three members of the Government, coming from the great ocean ports to insist that that doubt be removed, and that everything be taken out of the way that might prevent the Grand Trunk Pacific from feeding traffic into our great Canadian ocean ports and receiving traffic therefrom. It is common sense that they should do that, and I believe that it will be done before very long, if I know the temper of the people of these cities when they understand the situation, as I hope to be able to point it out to the Government.

### **Degraded East of Cochrane.**

Now, I come to the grades that have been changed east of Cochrane. Hon. gentlemen may laugh, but this is not a very laughing situation. This is a situation in which the Dominion of Canada, by an agreement with a company, is investing \$181,000,000, one of the great objects in view being the development of our own Canadian ports. The violation of that agreement is not a small matter,

particularly when the gentleman who is at the head of the operating company that should lease this line says he will not take over the line at all if these grades are put in now. I shall give the changes made east of Cochrane :

At mile 86, what was originally designed as a four-tenths per cent has been raised to a six-tenths per cent grade. At mile 90, station 1,545 to 1,660, there is another rise in grade, 1,500 feet of .56 against eastbound traffic instead of four-tenths as per original instructions, and at station 1,694 there is 600 feet of .53 grade against eastbound traffic instead of four-tenths.

The very first change made east of Cochrane is made against eastbound traffic and against the cities of Quebec, St. John and Halifax.

At mile 93, there is 2,000 feet where a slight sag has been introduced without any apparent reason except for the purpose of introducing it.

At mile 99, station 2,160 to 2,172, there is 1,200 foot level, then 2,000 feet of one per cent grade instead of six-tenths against westbound traffic, originally contemplated, followed by a slight grade against eastbound traffic.

The same argument applied to 86, will, I believe, apply to this grade, and I leave it to the staff themselves, if they look over the profiles carefully, if they will not find in at least two places a grade where there is no attempt at a velocity or compensating grade, if it is not a straight run from the level at the grade. I am not prepared to say at what mile it is.

At mile 101, station 2,226 to 2,233, there is 700 feet of level, then, 1,300 feet of .84 grade against westbound traffic instead of six-tenths, which merges into 3,300 feet of six-tenths. On the 700 foot level, a full train will be expected to get up sufficient speed, not only to climb 1,300 feet of .84 grade, but added to this without any easement of grade at all, a stretch of 3,300 feet of 6-10.

### **Cannot Climb the Grade.**

And I say now that a loaded train of empty cars, perhaps being taken back in a rush to Winnipeg and the West to receive grain will stall on this grade under the best conditions.

Again, before the 6-10 grade begins there is a continuation of .84 grade for 1,300 feet, so that the original intention that the train would only have to climb the 6-10 grade is altogether obviated, and the reasoning that there will be a great reduction of speed will apply to this grade as well as to the other.

Then, on contract 14, at mile 65, there is 1,400 feet of 4-10 against westbound traffic and then a stretch of 2,200 feet rise of from 6-10 to .73 running into a long stretch of 6-10. The same argument as to the necessary speed of a train when striking the 7-10 grade in order to assist it up that 2,200 feet, and also the additional distance of the 6-10, is applicable.

At mile 175, from station 1,784 to 1,817 there is 2,700 feet of .45 against the eastbound traffic instead of 4-10. Then follows 1,000 feet of level and immediately 1,300 feet of .65 against westbound traffic, an increase here in the grades both ways.

At mile 177, station 1,875 to 1,889 there is 1,400 feet of 3-10 against eastbound traffic, followed by 1,000 feet of 8-10 against westbound traffic, another distinct increase in the grade.

At station 1,928 to 1,936 there is 800 feet where the four-tenth grade against eastbound traffic has been raised to .76, an increase of practically 100 per cent, followed by 1,600 feet of six-tenth grade against westbound. At mile 179 there is a siding. Some slight changes have been made at this point, but they are trifling.

At mile 180, station 2,024 to 2,039, there is a stretch of 1,500 feet where the grade has been raised from 4-10 to .48 against eastbound traffic. At mile 181, station 2,014 to 2,115, the 6-10 grade against westbound traffic has been raised a trifle to .63. At mile 182, station 2,154 to 2,169, after 1,400 feet of level track, it is immediately raised to .75, which runs for 1,800 feet against westbound traffic. Possibly that would not be a momentum grade. There is no momentum, as I



gather from the profiles, to compensate for the rise in the grade from 6-10 to .75. At mile 183, there have been several slight changes from the original, introducing what the engineers call 'sags.' At mile 184, from station 2,261 to 2,265, after 400 feet of level there are 1,000 feet raised from 6-10 to 8-10 against westbound traffic. At mile 185, following 1,300 feet of .31 against westbound traffic, 800 feet were raised to 8-10. At mile 187, station 2,385 to 2,401, a grade of 4-10 against eastbound traffic was raised to .42 for 1,600 feet. At mile 188, station 2,471 to 2,475, there is something over 500 feet level of, followed by 1,475 feet, and the grade was raised from 6-10 to 8-10 against westbound traffic. At miles 190 and 191, station 2,594 to 2,616, there is 2,200 feet of 4-10 raised to 7-10 against eastbound traffic. At mile 193, station 2,720 to 2,741, there is 2,100 feet of 4-10 raised to .62 against eastbound traffic, and at station 2,751 there is 1,000 feet of 6-10 raised to 8-10 against westbound traffic. At mile 194, station 2,760 to 2,770, the grade has been raised eastbound traffic to 6-10. At mile 196, station 2,884 to 2,900, after 1,600 feet of practically level track comes 1,500 feet where the grade has been raised from 6-10 to 8-10 against westbound traffic. At miles 197 and 199, sags again have been introduced, as stated before, apparently to save a few loads of fill, without having any regard to the appearance of the road. At mile 200, station 3,090 to 3,110 after 2,000 feet of 4-10 grade against westbound traffic, the grade suddenly rises to 8-10 against westbound traffic for 2,000 feet. At mile 202, station 3,225 to 3,240, there is 1,500 feet where the grade of 4-10 against eastbound traffic has been raised to .51.

I find that the following grades were changed east of Cochrane, in district 'C,' contract 14 :

At mile 115, station 2,996 to 3,000, there is 400 feet of a level and 3,000 feet of six-tenths against westbound traffic, and 1,300 feet of .49 against westbound traffic. At mile 125, station 3,476 to 3,495, there is another change, making six-tenths grade, which, while being only the standard grade in the agreement, still is an increase over what was intended originally, and a violation of the chief engineers' instructions. At mile 141, station 4,360 to 4,370, there is 1,000 feet of seven-tenths grade against westbound traffic, an increase over the standard. Then from 4,370 to 4,390 there is 2,000 feet of six-tenths grade, followed by 1,150 feet where it drops to four-tenths, which is increased again from station 4,405 to 4,417 for 1,200 feet to six-tenths. This shows that the train will not only have to climb the increase of one-tenth of one per cent over the standard, for the 1,000 feet, but it must keep up this momentum for 2,000 feet on a six-tenths grade. In fact, for 5,350 feet it is here continually climbing. At mile 157, station 5,206, there is 1,200 feet of practically level stretch, then 2,100 feet of four-tenths against eastbound traffic, and 1,600 feet of a grade of a little over five-tenths against eastbound traffic, this being another increase in grade. At mile 167, the four-tenths grade is changed into 1,200 feet of five-tenths and 1,200 feet of three-tenths, both against eastbound traffic. At mile 181, there is another change from six-tenths to nearly eight-tenths against westbound traffic. At mile 189, there is 3,000 feet raised from four-tenths to five-tenths against eastbound traffic. At mile 191, station 1,121 to 1,137, there is 1,600 feet of level, but at station 1,145 there is 800 feet of 1 per cent grade against eastbound traffic which must depend for its safe and successful operation in momentum or a reduced train load proportionately.

### **Particular Duty of Members from Halifax, St. John and Quebec.**

I put these figures again on 'Hansard' to show these changes in grade divided into east and west of Cochrane. They were taken from the profiles by a competent engineer. I did not locate them last year as east and west of Cochrane. I want to make clear again, because this is of paramount importance, more important than any party gain or consideration, that, there being a difference of opinion, some of the most competent engineers in America contending that these grades do not produce as good a road as a four-tenths and six-tenths, a grave doubt has been raised, to put it mildly, of the effici-

ency of this road with the velocity grades. It is therefore the duty, I say, of the gentlemen representing Halifax, Quebec and St. John particularly, to see that this doubt is removed and these velocity grades replaced by four-tenths and six-tenths per cent real grades.

### **Only Way for Canadian Ports to Secure Traffic.**

I was saying a few moments ago that the late Mr. Hays and Mr. Chamberlin, in discussing this question of the standard of the road with me some years ago, took the ground absolutely that the only way in which St. John and Halifax could receive the benefit of the Grand Trunk Pacific traffic, as was intended, was by building a road, not equal but superior to the standard of American roads; so that the superiority of the Canadian road over the American roads would overcome the difference in distance as between Canadian ports and American ports. As Minister of Railways, I insisted that, wherever possible, this high standard should be maintained, and that there should be no doubt as to the efficiency of the road. If there is any doubt about velocity grades injuring the efficiency of the National Transcontinental railway, should not the members of the Government who represent these great ocean ports of St. John and Halifax remove that doubt? Do they not owe it to themselves and to the cities which they represent? Halifax, St. John and Quebec are the three ports of entry for all the traffic that comes across the Atlantic to the Dominion of Canada or goes out that way. It is well to develop the port of Quebec, and it is well to spend millions in the city of Halifax and in the city of St. John, but if these cities are not to get the benefit of our own road, then I say that the large expenditure being made in these great ports is being made for other railway companies, and not for the National Transcontinental railway. After spending millions of dollars, why take any chance—to put it in the mildest form—in order to save a comparatively small amount, and Mr. Berry says a far smaller amount than is named by this commission. I put it strongly because I feel the situation. I discussed it thoroughly with the late Mr. Hays and Mr. Chamberlin some years ago, and we arrived at the conclusion that our great Canadian ports could not be kept up unless the high standard of the road was maintained. I urge the Prime Minister, as representing Halifax, and the Minister of Marine, as representing St. John, and the Postmaster General, as representing Quebec, to look into this matter most thoroughly, and not take the word of any engineer who may say that this is as good a way to build a road as any other, or even the word of an engineer who says it is not as good a way. They should remove the doubt that has been raised so that there can be no mistake, so that if the Canadian ports are not developed it will not be the fault of the Grand Trunk Pacific construction. If I were discussing a party question, I would not take up so much of the time of the House, but I feel that this is of vital importance to the Dominion of Canada, and should not be made a football for any one province as against another, or for any one set of ideas as against another. We want the trade of Canada for Canadian ports, and the Transcontinental was constructed for that purpose; and if we take

any chance whatever when we know the situation, then in the years to come there is one man in the Dominion of Canada that will not be responsible for the consequences if they are not up to the expectations of the gentlemen who represent these ports.

### **Government Sacrifices Transcontinental to Other Lines in Quebec City.**

In the city of Quebec some changes have been made, and while for the present moment those changes may be of greater benefit in the way of labour for the city of Quebec, I want to call the attention of the Prime Minister, representing the city of Halifax, and the Minister of Marine and Fisheries, representing the city of St. John, and the Postmaster General, representing Quebec, to this. The shops in the city of Quebec have been removed several miles away from the main line. The late commission and the late Government were building a station of their own of magnificent proportions at Champlain Market. That station is to be of a smaller character now, and the Grand Trunk Pacific will not own a station in the city of Quebec, outside of this little station. But I want to point out to the members representing these three great ocean ports that every car that breaks down on the main line and needs to be repaired—as will happen time and again—will have to be hauled miles down to the repair shops and miles back again to the main line, and every time that is done it adds to the freight rates, to the city of St. John and the city of Halifax. Under the old arrangement, repair shops were on the main line and there were no transportation expenses for crippled cars being moved to and fro from the main line to the repair shops. The new shops at St. Malo are not on the line of the Transcontinental at all. They are on another line and in order to get to these shops the Transcontinental has to do one of three things: either to get running rights over another line and be second fiddle in the city of Quebec; or build a line of its own about four or five miles; or build a tunnel from the main line between Champlain Market and the Quebec bridge, across to the shops at St. Malo. In only those ways can they get to the shops. On page 183 of the report of the Quebec Board of Trade I read this from a speech of the right hon. the Prime Minister:

The site originally selected at St. Foye will nevertheless be utilized in the first instance for a large through freight yard which is necessary at that point in order to provide for the distribution of cars on different roads. Moreover a large handsome station has been completed at St. Foye as well as an eighteen stall engine house and every building necessary for the efficient operation of the railway. Between the Quebec bridge and the Champlain market a double track has practically been completed.

Where is that commission which said that it was illegal to build a double track?

There is also a connection with the Canadian Northern railway at Cap Rouge which permits entrance to the St. Charles side of the city and which can be utilized for this purpose pending the completion of the tunnel that will connect the St. Lawrence water front with the new union station on the Palais site.

### **The Quebec Tunnel Omitted.**

In the plans there is a tunnel, or there ought to be a tunnel.



The Prime Minister told them at Quebec that there was to be a tunnel. The Prime Minister, in answer to a question I put to him the other day—an innocent question, I admit—asking what the estimate of the tunnel was, said : It is not customary to give an estimate of a public work before the tenders are in. I asked the Minister of Railways and Canals if these shops, or the station, were on the Transcontinental railway, and he said: Yes, when the railway is completed. That means that a tunnel must be built. I would ask the Postmaster General to look at that map and see if the tunnel is not wiped out altogether from the map. Where that yellow blotch is there was a red line marked 'tunnel', but in the map given to me it is marked out and no tunnel is shown. I will tell the House why that is done. I will give my hon. friend the Postmaster General this other map and he will see some lines there. The amateurishness with which they tried to mark this out is so evident that I would like the Postmaster General to show this to his colleagues, and ascertain from them what has become of the tunnel. One part of the Government says there is going to be a tunnel at Quebec and another part says there is not going to be. The Transcontinental Railway Commission say there is going to be no tunnel, the Prime Minister says there is going to be a tunnel and the acting Minister of Railways and Canals said the other day also that there was going to be a tunnel. I want to point out to the Prime Minister and the Postmaster General that, according to the present figures given to me by the commission, no tunnel is provided for in the city of Quebec. I asked for a return showing the difference between the cost as estimated under the original plan and the cost as estimated under the present plan and I am going to read the figures to the House. They will find no tunnel in those figures. Why was it marked out on that map? Absolutely to convince the people that the new plan is to cost a million dollars less than the old one, while, as a matter of fact it will cost \$2,000,000 more. This Government and this commission, who were going to build the Transcontinental railway and save money, who are going to be more economical than were the old Government, who charged the old Government with extravagance, are spending more money on the Transcontinental railway proportionately than their predecessors in office.

### Two Millions Suppressed.

I am finding fault, not that the work is going on, but that false maps were given to me in order to carry out the statement which was handed to me. These maps are not true. I am going to read the report given to me in a return and I am going to call the attention of the hon. acting Minister of Railways and Canals to it. I want the Postmaster General to listen because he is conversant with the situation. What I invite attention to is this :

Estimated cost of Quebec Terminals under present plans	
Cost of work done and right of way taken over from the Quebec Bridge Company between Point à Pizieu and Quebec bridge (including track material).....	\$ 287,169.90
Cost of grading to date, Quebec bridge to Champlain Market .....	513,000.00

Estimated cost of completing grading, Quebec bridge to Champlain Market.....	57,000.00
Cost of track material, Point à Pizeau to Champlain Market.....	40,000.00
Cost of land, Point à Pizeau to Champlain Market (includes to deep-water line).....	1,368,050.00
Estimated cost of station and terminals at Champlain market....	60,000.00

Total.....	\$2,355,219.90
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#### Joint Terminals.

Estimated cost of joint terminals, on which the Government pays as annual rental a sum equal to 2½ per cent:	
Canadian Pacific railway property at Quebec.....	3,300,000.00
Additional land to be purchased for joint terminals.....	800,000.00
Terminal station and yards to be built by Canadian Pacific railway.....	1,500,000.00

Total.....	5,700,000.00
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Annual rental, \$128,250, capitalized at 4 per cent.....	3,206,250.00
Land and right of way.....	285,780.10

**\$5,847,250.00**

Can my hon. friends now see why the tunnel is stricken out of the map? Because it is omitted from this statement. This statement given to me by the commission, of the cost of the present arrangement, leaves the shops of the Transcontinental railway miles away from any part of the main line. But this statement is incorrect because the Prime Minister said they were going to build the tunnel and the acting Minister of Railways and Canals said so too. I understand it is in the plan. Why is it left out of the statement that is given to me?

### Still Another Misstatement.

There is another error in this statement in order to bring the cost below the cost of the old plan. The annual rental of \$128,250, capitalized at 4 per cent gives \$3,206,250. Why is it capitalized at 4 per cent when the Transcontinental railway is only going to pay 3 per cent? That reduces the amount by about a million dollars. Taking that \$128,250 as the proper sum, we know that the Grand Trunk Pacific will never pay 4 per cent, as they are required to pay only 3 per cent; therefore, their capitalization ought to be practically \$1,000,000 more than it is given. If we have to pay interest on that at 3 per cent, the cost, without the tunnel, is as high as the cost under the old plan with the shops on the main line of the Transcontinental.

I want to point out something further, and I may say here that it is very difficult to get at these things when information of this kind is given to me. I want to point out to the Prime Minister and to the Postmaster General, to show that there is a spirit somewhere that does not want the tunnel at Quebec. They can figure it out, but the plans given to me, and the statements given to me, show no connections between the Transcontinental railway and its own shops, or with the union Canadian Pacific railway station. The amount capitalized at 3 per cent as it should be would be something

over four million dollars. The tunnel will cost, at the very lowest valuation, at least \$1,500,000, for it will have to be a double tunnel. The original scheme would have cost \$6,406,152, as per their statement while the new scheme will cost \$8,416,000, and the Grand Trunk Pacific Railway Company will be playing second fiddle to the other companies in the city of Quebec.

Now, Mr. Speaker, to conclude, I have discussed this question from higher than party motives; I have discussed it with the main object of showing that this report is unfounded and untrue in its chief findings. I have tried to show that the gentlemen who composed this commission had their views fixed, so far as the Grand Trunk Pacific railway is concerned, long before they ever were put on this commission; I have shown that one was an enemy of the project. I have shown that they were totally unfitted, no matter what their other qualifications might be, to serve independently on such an investigation into the construction of the Transcontinental railway.

I have tried to show that the Government of Canada will not act on the findings of this commission, because every day of its life, the Government of Canada is violating there findings. I have tried as conscientiously as I could, and with as much force as I am possessed of, to show, particularly to the representatives from Halifax, St. John and Quebec, the result that may accrue to those great Canadian ports, if these hon. gentlemen are not alive to see to it that the high standard of the Transcontinental railway be restored, and restored immediately.

### **Appeals on Behalf of Canada.**

I have tried, as faithfully as I could, and in all earnestness and conscientiousness, to warn the Government against allowing this attack on the Grand Trunk Pacific directly, and indirectly, on our great Canadian enterprises, to go unanswered and unchallenged. I have urged, and I urge again, that the Prime Minister should rise to the situation, and so far as the attack on this great undertaking is concerned, should denounce this report as unfounded, which it is, and which every man in Canada who has studied it, knows it to be. I have said that the legitimate industries of Canada and the legitimate undertakings of Canada are on a sound basis, and the financiers of the world need have no hesitation in continuing to invest their money in this Dominion. I have tried, feebly it may be, to tell the country and the financiers of the world that the men of Canada will stand side by side, the peers of any men in any country in the world, for honesty, for ability, and for integrity. It is in the interest of the people of Canada, rather than in the interests of party; it is in the interest of the great undertaking in which every man, woman, and child in Canada is concerned; it is in the interests of the British Empire itself, that nothing be done to loosen the bonds of confidence that exist between the motherland and the young dominions across the seas. Sir, it is in the hope that the Prime Minister of Canada will rise above his party; it is in the hope that he will rise higher than partyism, and repudiate a report which affects our national welfare



and our financial standing at the present time, that I make one more appeal to the right hon. gentleman.

I have spoken from conscientious motives; I have spoken at length; I have devoted much energy and time to a study of this question; and, in the years to come, if St. John, if Halifax, if Quebec, if the eastern part of Canada, do not receive the benefits they expected from this great enterprise, then the member for South Renfrew will have his conscience clear in the knowledge that he has done his duty in notifying and warning the people of this country, and the members of this Government, and the members representing these constituencies of what he conscientiously believes the evil result of all this will be.

Before taking my seat, Sir, I move, seconded by Dr. Pugsley :

That the report of the commissioners appointed by the Government to inquire into the construction of the Transcontinental railway is so wilfully partisan and misleading as to be wholly unreliable; that the manifest object of the said commissioners was to misrepresent for party purposes rather than to investigate in the public interest, without regard to the serious consequences to the country or this great national undertaking; and that for the appointment of such commissioners, and for accepting and endorsing their report, the Government deserves the severe censure of this House.

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